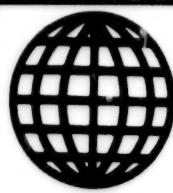


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1 SEPTEMBER 1987



**FOREIGN  
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# ***JPRS Report***

# **China**

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JPRS-CAR-87-041  
1 SEPTEMBER 1987

## CHINA

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## LIAOWANG ON SOUTH KOREA'S POLITICAL SITUATION

HK241525 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 28, 13 Jul 87  
pp 22-23

[Dispatch from Pyongyang by Zhu Kechuan (2612 0344 1557): "Developing Political Situation in South Korea"]

[Text] From the 10th to the end of June, South Korea witnessed anti- "government" demonstrations on the largest scale, of the longest duration, and in the most active form of struggle since Chon Tu-hwan's assumption of power in 1980. In more than 30 main cities, including Seoul, Fushan, Kwangju, Taeyu, and so forth, thousands upon thousands of young students and citizens took to the streets every day demonstrating and shouting such slogans as "Down with the Dictator!" "Revise the Constitution!" and "We Want Democracy!" They stormed police organs, made bonfires of police cars, and occupied churches. The authorities mobilized more than 100,000 anti-riot policemen and discharged over 300,000 tear-gas grenades. More than 6,000 people were arrested. But the mass struggle assumed increasingly serious proportions, with an ever increasing scope involved.

At a time when world opinion was greatly concerned over the state of affairs in Seoul and worried about whether the Olympics could be held on time, Executive Committee Member No Tae-u, representative of the ruling Democratic Justice Party (DJP) of South Korea suddenly announced on 29 June an 8-point declaration expressing agreement to demands put forward by the opposition Reunification Democratic Party (RDP) such as the revision of the existing Constitution on the basis of a system for direct presidential elections prior to the expiration of Chon Tu-hwan's term of office in February next year, freedom for Kim Tae-chung, release of political prisoners, and so forth. He also announced the introduction of autonomy for universities, the protection of press freedom, and so forth. On 2 July, Chon Tu-hwan officially announced that he agreed to No Tae-u's 8-point declaration. He said that he would as quickly as possible to bring about "national reconciliation" and social democracy. In the past few days, opposition groups in the United States, Japan and South Korea respectively and people in religious circles that had assumed a critical attitude toward the Chon Tu-hwan regime all welcomed the South Korean regime's new decision. The relations between the ruling and opposition parties were being increasingly reconciled, with the appearance of a scene marked by "constitutional revision through consultation."

Why was there such a sudden turnabout? This must be traced back to the causes of the recent large-scale mass struggle. Chon Tu-hwan and his close friend No Tae-u, and other military men assumed power in May 1980 by staging a coup. He used such charges as a plot to instigate riots and corruption to put in jail or expel from political circles Kim Tae-chung and Kim Yong-san, opposition party leaders, Kim Chong-yol with influence in the ruling party, and others, establishing a regime with military men as its core. Then, Chon Tu-hwan shed his military uniform and organized the DJP. In the past 7 or 8 years, he claimed many times the "peaceful transfer of power." But he failed to change his image of a military dictator. Since 1985, the opposition party and young students had all along demanded a revision of the Constitution and the realization of social democracy and staged a fierce struggle on that account. The existing Constitution was formulated after Chon Tu-hwan's assumption of power. Some of its provisions clearly favor a long stay in power for the DJP. In the spring of 1986, various opposition forces started "a 10-million-strong signature campaign in a fight for a constitutional revision." Under internal and external pressure, Chon Tu-hwan promised to revise the Constitution. But one year had elapsed with no progress whatsoever in the matter of constitutional revision. On 13 April this year, Chon Tu-hwan announced an end to discussions on the revision of the Constitution and unilaterally decided to follow the existing Constitution in regard to the next presidential election. This decision immediately aroused an outcry from various opposition forces, giving rise to great dissatisfaction on the part of people in various circles craving for the realization of social democracy. But Chon Tu-hwan thought nothing of the democratic demands of the opposition party and the masses of people. At the DJP party congress held on 10 June, he officially elected No Tae-u as the party's candidate for "President." This meant an open declaration that the South Korean people must accept another military man designated by him as their "President." Facts show that Chon Tu-hwan's assessment of the situation was wrong. The day No Tae-u was elected candidate as "President," protests and demonstrations on an unprecedented scale broke out all over South Korea. After about 20 days of mass struggle, No Tae-u was forced to announce the 8-point declaration.

Will South Korea make a peaceful transition to democratic society from now on? At present, the answer from various circles in Seoul and from international opinion is: The problem is not so simple.

Chon Tu-hwan and No Tae-u came out with this 8-point declaration in order to protect the DJP. The spectacular mass demonstrations had made Chon Tu-hwan realize that even the declaration of martial law would not help in stopping the mass struggle. If troops were mobilized to carry out suppression as in the Kwangju Incident in 1980, not only would the holding of the Olympics in Seoul be affected but his vaunted "peaceful transfer of power" would come to nothing. Prompted by the maintenance of its strategic interests in Southeast Asia, the United States would not like to see a long-term unstable political situation in South Korea. Therefore, the United States has once again brought pressure to bear on the Seoul authorities, urging the DJP to make concessions.

Another reason No Tae-u announced an 8-point declaration is that he feels there is still hope for him to win an election campaign. He wants to take the initiative to put forward a reform program to win over the people, thus beating his main political rivals Kim Tae-chung and Kim Yong-sam of the RDP. When the 8-point declaraton was announced, it was well received by people in various quarters. But there were also many people expressing doubts as to whether the ruling regime could seriously carry out its promises. On 3 July, another 20,000 students and people in all circles gathered for a demonstation demanding the realization of the direct election of the "President" and the immediate release of political prisoners.

Another important factor influencing the Seoul regime in its change of approach is the RDP with Kim Yong-sam as leader and Kim Tae-chung as adviser. The RDP views itself as a representative of the democratic movement in South Korea and treats the DJP's concessions as its own victory. For several days, Kim Yong-sam and Kim Tae-chung expressed many times optimism about winning in a contest for presidency with the DJP. But before the election of the president, a large amount of work like the revision of the Constitution must first be done. The confrontation between the ruling party and the opposition in many areas will still be marked with acute contradictions. No Tae-u has in the past few days shown "a magnanimous attitude," putting mental pressure on the RDP. Public opinion in Seoul expresses doubts about whether Kim Yong-sam and Kim Tae-chung can act as one in the dawn of victory. Kim Tae-chung has said that he does not care whether he becomes "President." But some observers believe that in case of need, it will not be difficult for him to find an excuse to break his promise.

At present, the DJP is continuously carrying out activities to pacify the dissatisfied masses. It has also made it known that it would review such problems as the Kwangju Incident and the release of prisoners, including those imprisoned during the period of Pak Chung-he. The RDP is further strengthening its attack in an effort to topple Chon Tu-hwan ahead of time. Kim Tae-chung has called on Chon Tu-hwan to hand over all power and let the ruling and opposition parties and those in the middle organize a "transition- al government." It seems that the struggle in the days ahead will still be very complicated.

Competition between the DJP and the RDP will increasingly focus on the cherished office of "President." But the masses of South Korean people are concerned about the realization of social progress, democracy, and stability at an early date. This is the real crux of the problem.

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CSO: 4005/0893

## GUANGDONG REPORTS SUCCESS IN ENTERPRISE REFORM

HK280833 Beijing RENMIN RIBAO in Chinese 23 Jul 87 p 2

[Dispatch by reporter Liang Zhaoming (2733 0340 2494): "Guangdong Province Enters Golden Age After 8 Years of Reform"]

[Text] With efforts made over the past eight years, Guangdong has made substantial progress in many aspects of enterprise reform and has extensively implemented various forms of the contracted responsibility system. The province's economic development has entered the "golden age."

In accordance with the requirement of the central authorities that Guangdong should take the lead in economic structural reform, in connection with the actual situation of Guangdong being responsible for its own finance, and focused on invigorating enterprises, all localities in Guangdong seized the opportunity of reform, opening up, and economic invigoration from the latter half of 1979 to make explorations in reform and implement the systems of enterprise funds, retention of profits, assuming sole responsibility for profits and losses, and the second stage reform of substituting tax payment for delivery of profits. On this basis, Guangdong Province and some cities (prefectures) permitted a number of enterprises and trades to implement the contracted responsibility system and extend the decision making power of enterprises. So long as the principle of separating ownership from the right of operation is followed, the forms of contract can be selected in light of the actual circumstances and the specific conditions of each enterprise and trade. The various forms of contract throughout the province had the following characteristics in common: contracting the base figure, ensuring tax payment, retaining profits, and making up the deficits. This ensured that the "slow" rather than the "quick ox" will be "whipped." The Guangzhou Iron and Steel Plant and Shaoguan Iron and Steel Plant were the first enterprises to introduce the contracted responsibility system. They adopted the form of "contracting both input and output." These two enterprises were known throughout the province as large, loss-making enterprises. However, they turned deficits into profits after introducing the contracted responsibility system. An entirely new look has appeared in the trades of transport, telecommunications, and electricity since they introduced the contracted responsibility system. Shangguan, Zhaoqing, Maomin, and Haikou implemented various forms of the contracted responsibility system in different enterprises and achieved the results of the state obtaining more revenue, enterprises retaining more profits, and individuals getting more income.

To date, around half of Guangdong's state enterprises have implemented various forms of the contracted responsibility system and over 3,300 enterprises have implemented the system of factory director (manager) assuming sole responsibility, of which 800 enterprises implemented the system of factory director (manager) assuming responsibility for the target during his term of office. The deepening of enterprise reform gave impetus to production development throughout the province. Guangdong's total industrial output value doubled from 1980 to 1985, a yearly average increase of 6.4 percent. The total industrial output value of 1986 again increased by 15.9 percent over 1985, exceeding the national average rate for seven successive years. The total industrial output value from January to May this year increased by 25.5 percent over the corresponding period of 1986.

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## GUANGZHOU MAYOR ON ACHIEVEMENTS, PROBLEMS, TASKS

HK241331 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 21 Jul 87

[Excerpts] The Guangzhou City Government convened an enlarged plenary meeting this morning, at which Mayor Zhu Senlin summed up the work in the first half of the year and outlined the tasks for the second half.

Zhu Senlin said: Guangzhou City concentrated forces for the two main tasks in the first half of the year. Industrial production showed a rise of 17.4 percent over the same period last year. This was above the national average growth. The early rice area was 12,000 mu more than last year, thus reversing the continuous decline in the sown area of grain in recent years. Despite serious natural disasters, losses were reduced to the minimum. Output of the township and town enterprises showed a rise of 35 percent compared with the same period last year, and export volume showed a rise of 41.52 percent.

However, there were also some problems in work in the first half of the year. For instance, economic results were not good enough. The increase in profit was lower than the increase in output value. There were serious shortages of some raw materials. Prices showed a big rise, and so on.

Zhu Senlin proposed that the city should focus on the following nine items of work in the second half of the year:

1. Speed up the pace of economic structural reform. All state-owned enterprises should have introduced the contract management responsibility system by the end of the year. It is also necessary to get a good grasp of reforming the finance, circulation, and science and technology systems.
2. Continue to develop lateral economic ties.
3. Do a good job in industrial production centered on improving economic results.
4. Continue to get a good grasp on grain production. The city should promote developmental agriculture and the development of township and town enterprises, and achieve all-round growth in rural economy.

5. Get a good grasp on the favorable opportunity presented in the international market, and strive to expand foreign economic relations and trade.
6. Enliven market supplies and control the rise in prices.
7. Continue to get a good grasp of increasing revenue and economizing expenditure and of work regarding credits, and ensure financial revenue and a balance between income and payment in credit operations.
8. Do a good job of all work related to the sixth national games.
9. We should make preparations for implementing the spirit of the 13th Party Congress, for carrying out political structural reform, and for the election of a new city government next year. We must also overcome bureaucratism and strive to improve the work style of the organs.

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CSO: 4006/851

## HEBEI SECRETARY TALKS WITH ENTERPRISE DIRECTORS

SK240738 Shijiazhuang HEBEI RIBAO in Chinese 13 Jul 87 p 1

[Text] The conference room on the sixth floor of the Qinhuangdao City commercial service center was permeated with a lively atmosphere on the evening of 10 July. About 100 enterprise directors attending the second annual meeting of the Hebei Provincial Enterprise Director (Manager) Work Society were talking about what they truly felt to Xing Chongzhi, secretary of the provincial party committee.

As soon as he went toward these entrepreneurs, Comrade Xiang Chongzhi said: "You have worked very hard. The purpose for me to keep you staying late this evening are to meet with you, and to hear your criticism and opinions." Then he opened his notebook and wrote down what the directors said. These directors aired their views freely and raised more than 20 questions, such as questions on social status of enterprise directors, and social interference in enterprises. Comrade Xing Chongzhi made replies to some of these questions immediately.

Comrade Xing Chongzhi said: At present we are in a period in which new systems are replacing the old, and new and old systems exist simultaneously. This plus the various unhealthy trends in society has created many problems and difficulties for enterprise directors. Leading persons, prefectural and city leading comrades in particular, should maintain more contacts with enterprise directors, show concern for them, and acquire a deeper understanding of the situation to help them overcome difficulties. The entire society should cherish enterprise directors and show concern for and support their work. Comrade Xing Chongzhi encouraged enterprise directors to bravely resist irrational social interference, and also the bureaucracy, formalism, and mountains of documents and meetings from higher levels on just grounds.

Comrade Xing Chongzhi continued: The responsibilities of enterprise directors are to make a success of enterprises, to exercise good leadership over their workers, and to conduct enterprise reform successfully so as to develop enterprises continuously. Directors should enhance their sense of reform and quality, have the ability to surmount difficulties, and be true heroes.

Comrade Xing Chongzhi concluded: Enterprise directors have greatly enhanced their competence over the past few years. They should play a leading role in improving economic results. It is hoped that more star enterprises and directors will emerge in the future to make contributions to changing the backwardness of our province's enterprises.

## HEBEI CONFERENCE ON SEMIANNUAL ECONOMIC WORK

SK301245 Shijiazhuang HEBEI RIBAO in Chinese 16 Jul 87 p 1

[Text] The provincial government held an economic work telephone conference on the evening of 14 July. Governor Xie Feng spoke at the conference. He emphatically summarized the economic work for the first half of this year, worked out plans for the work for the second half, and urged comrades on all fronts of the province to swing into action, maintain and develop the good trend of development created in the first half of the year, continue the campaign to increase production, practice economy, increase revenue and reduce expenditures, consider improvement of economic results a central task, pay attention to and achieve actual results in implementing it at the grassroots level, fulfill or overfulfill the various targets for this year's economic work in a comprehensive manner, and create favorable conditions for the 1988 economic work.

Li Feng, adviser to the provincial government, presided over the conference. Attending were commissioners and deputy commissioners of various prefectoral commissioner's offices, mayors and vice mayors of various cities, magistrates and deputy magistrates of various counties, and responsible comrades of the provincial and various prefectoral, city, and county economic departments.

The economic development situation for the first half of this year was good.

Comrade Xie Feng said: During the first half of this year, departments at various levels throughout the province paid close attention to reform and economic construction, and fulfilled their tasks fairly successfully. The economic development situation was good.

Industrial production grew in a sustained and stable manner. Compared with the corresponding period last year, the industrial output value of the province registered a 13.7 percent increase, thus fulfilling half of the annual target by the end of June. Product quality improved and better economic results were achieved. The output value of budgetary industrial enterprises came to 8.24 billion yuan, an 18.94 percent growth over the corresponding period last year; overall energy consumption per 10,000 yuan in output value declined by 0.31 tons of standard coal; the income from marketing reached 9.13 billion yuan, a 24 percent increase; and taxes and profits totaled 1.65 billion yuan, a 17.46 percent increase. The taxes and profits turned over to the state came to 970 million yuan. Calculated from January to

May, the taxes and profits turned over to the state showed a decline of 1.34 percent from the corresponding period last year, but if calculated from January to June, they showed a 3.58 percent increase. The work to stop deficits and increase profits took a turn for the better. The number of losing budgetary industrial enterprises was reduced by 57, and the amount of their deficits dropped by 6.47 percent. The taxes and profits created by 48 large profit-making enterprises, the annual taxes and profits of which exceed 10 million yuan each, registered a 14.11 percent increase over the same period last year.

In agriculture, focusing on ensuring grain production, we continued to restructure the grain industry and earnestly implemented guidance plans. Grain fields throughout the province exceeded 100 million mu, cottonfields reached 12.12 million mu, and the areas sown for oil-bearing crops 10.42 million mu. Total wheat output may reach approximately 14.5 billion jin, a decline of approximately 2 billion jin from last year.

The financial revenue plan was fulfilled fairly well. Semiannual revenues were 5.3 percent higher than the corresponding period last year, and amounted to 53 percent of the annual budget. Semiannual expenditures were 0.1 percent lower than the corresponding period last year, and 43.2 percent of the annual budget.

Domestic and foreign trade thrived and the major economic targets were fulfilled surpassing last year. Compared with the same period last year, the volume of commodity retail sales was 18.5 percent greater, and the profits created was 33.77 percent greater. The cost of commodity circulation was reduced compared with last year. A total of 70.5 percent of the annual export plan was fulfilled.

It is correct to pay close attention to deepening enterprise reform, and two other tasks.

Comrade Xie Feng said: After reviewing the situation during the first half of the year, we feel that it is correct to pay close attention to the following tasks. The first is to give prominence to deepening reform to invigorate enterprises. What we stress is to popularize the contracted managerial responsibility system at a quicker pace and do meticulous and down-to-earth work while achieving actual results. Thus far, 917, or 45 percent, of the 2,039 budgetary industrial enterprises throughout the province have instituted the system. Among these enterprises, 184 are large or medium-sized, and 120 of them, or 65 percent, have instituted the system. Some large and medium-sized commercial enterprises have also enforced the system, and more than half of the small state commercial enterprises have been contracted or leased out. While paying attention to contracting enterprises out, we have stressed the need to bring into better balance relations within enterprises in terms of distribution. Coordinated reforms within enterprises must catch up so as to arouse the initiative of various fields of enterprises. The second is to concentrate efforts on major and key areas. In industrial production, with an aim to improve economic results, we paid attention to increasing the profit of enterprises that made great profits, and reducing the deficit of losing enterprises; to improving product quality and reducing consumption; and to

readjusting product mix and increasing the production of readily marketable goods. In agriculture, we paid particular attention to grain production. In finance, we paid attention to increasing revenues and reducing expenditures simultaneously. To increase revenues, we emphasized the collection and management of taxes, and to intensify the collection and management of taxes, we emphasized the key link of arousing the initiative of tax personnel. To reduce expenditures, we paid particular attention to economizing on administrative and public funds. The third is to stress down-to-earth work and conscientious implementation of measures, and to use economic results as a yardstick to measure implementation. We advocated the need to go down to the grassroots, overcome bureaucracy, strengthen inspection and supervision, and carry out work in a conscientious manner instead of perfunctorily. When summing up experiences and making calculations, we stressed the need to be realistic. Thanks to our efforts to remain realistic in doing all work, establish the responsibility system, and oppose buck-passing, governments and departments in charge of economic work at various levels have notably changed their workstyles and raised their work efficiency.

There were two conspicuous problems in the economic work of the first half of this year. First, economic results were not sufficiently ideal. Second, market prices rose considerably. The problem in agriculture is reduced wheat production, resulting from disasters, which is detrimental to fulfilling the annual grain production plan.

Conscientious efforts should be exerted to grasp the work in five fields during the second half of this year.

Speaking on the economic work for the second half of this year, Comrade Xie Feng said: The tasks for the second half of this year are to maintain and develop the good trend created during the first half; continue the campaign to increase production, practice economy, increase revenue, and reduce expenditures; place improving economic results in the central position; fulfill or overfulfill the various annual tasks in a comprehensive manner; and create favorable conditions for the 1988 economic work.

#### On Industrial Production

First, we should step up contracted management and deepen reform within enterprises. We should have a clear understanding and a firm attitude in popularizing the contracted management system and should eliminate misgivings and the wait-and-see attitude. However, we should refrain from seeking uniformity, and should allow different forms to exist. Quickening our pace has two meanings: 1) We should make progress based on the current 45 percent. Prefectures and cities the proportion of whose enterprises have instituted the contracted management system is much lower than the 45 percent, in particular, should expedite their pace instead of waiting. They should analyze the situations of enterprises one by one and treat them differently. Enterprises that have instituted the system earlier this year, and whose current situation is good, should maintain the system without making any changes. Those that have instituted the system earlier this year, and whose situation is basically good, should also keep the system unchanged. Those that have problems should be helped in solving the problems. Those that have instituted the system

earlier this year, but have not improved their work, should start anew. 2) We should do our work in a down-to-earth manner and stress quality. We should not seek higher percentage alone. Units that do a good job in the contracted management system possess four characteristics--proper division of ownership from management power; appropriate and sound targets; scientific assignment of targets within enterprises, clear definition of responsibilities, and balanced relations within enterprises; and a notable increase in economic results.

Deepening reform within enterprises means to firmly consider enterprises as the key area where potential should be tapped because tremendous potential exists within enterprises. The method for tapping potential is to deepen reform. The first task for reform is to bring into balance relations among various sectors within the enterprises. In doing this work, we should first straighten out relations in terms of distribution. The key to this is to earnestly implement the principle of distribution according to work, award diligent persons and punish lazy persons, and oppose egalitarianism. When enforcing the contracted management system, we should have a spirit of competition, but should never allow another chance to assign targets.

Second, we should try by all possible means to raise economic results. 1) We should reduce material consumption and focus on reducing the consumption of 56 major energy-consuming units whose raw materials and fuel consumption account for 80 percent of the cost of their industrial products. We should strengthen basic management, such as enterprises' measurement, examination, and survey; further implement the award and punishment system for energy and raw materials saving; and mobilize the enthusiasm of enterprise workers in economizing and reducing consumption. 2) We should strive to improve product quality. It is necessary to continuously promote comprehensive quality management. Those 38 enterprises that have passed the acceptance test and meet the standards should continue to develop quality and range. During the second half of the year, the 28 enterprises that are assigned by the state to carry out the comprehensive quality management plan should strive to meet the standards. We should encourage enterprises to expand the output of brand-name and quality products, strive to make them become competitive products, raise the rate of quality products, and restrict the production of poor quality products. 3) We should grasp the utilization of funds and solve the problems of slow circulation of funds and great losses. 4) We should grasp major profit and tax delivery households. It is necessary to give priority to guaranteeing funds, energy, raw materials, and transport for the province's 48 industrial enterprises that can achieve more than 10 million yuan in profits and taxes. We should survey one after another all business households that have not yet implemented the contract business responsibility system. All prefectures, cities, and counties should also pay attention to their own major profit and tax deliver households. Continued efforts should be made to grasp major money-losing households. We should adopt the method of graded responsibility among the province's 72 money-losing enterprises with an annual deficit of 500,000 yuan or more and establish and implement the system of responsibility for one's deficits. Those 24 major money-losing households with an annual deficit of more than 1 million yuan should be grasped by the prefectoral and city principal administrative comrades. Enterprises with more than 500,000 yuan of deficits should be grasped by responsible comrades of the prefectoral and city commissions, offices, and bureaus. We should give warning to those

long money-losing enterprises and those that are ineffective in ending deficits, and strive to overfulfill the annual task of reducing deficits by 30 percent during that second half of the year.

Third, we should carefully organize production and guarantee fulfillment of the annual task. We will experience high temperatures and rains during the third quarter of the year, and the possible waterlogging during the flood period will be detrimental to industrial production, particularly transport and communications. Therefore, the key issue is to grasp well industrial production during the third quarter. We hope that all prefectures and cities will make careful arrangements in line with their specific conditions.

#### In Agriculture, We Should Grasp Three Tasks Well

First, we should strengthen management over major autumn crops. This year we have sown sufficient autumn grain in a timely manner and the seedling growing situation has been good. First of all, we should grasp the management of corn and emphasis should be placed on increasing the amount of manure, improving field management, and raising the per unit area yield. Meanwhile, we should not slacken our efforts in the management of millet, tuber, and paddy, as well as other autumn grain crops and cash crops, such as cotton and oil-bearing crops. We should try by all means possible to collect farm manure to ensure the needs in applying additional farm manure to major autumn crops. Chemical fertilizer is now in short supply. All levels and all departments should go deeply to the forefront of production to help the masses solve practical problems. For example, the agricultural department should give good technical guidance, grasp regular technology, and promote new technology; further establish and improve rural cooperative economic service groups; and realistically help each and every household solve problems that they cannot solve independently.

Second, we should start early to prepare for this autumn's wheat sowing. 1) We should guarantee the wheat sowing acreage. If it turns out there is much rain this year, we should strive to make the sowing acreage reach 40 million mu or more. 2) We should popularize good strains, improve crop strains and varieties, and eliminate bad strains as soon as possible. 3) We should expand farming acreage sown with machines and strive to make a breakthrough in expanding the province's machine-operated wheat sowing acreage this year. 4) We should apply more fertilizer and work out plans for fertilizer application. While ensuring the application of sufficient nitrogenous fertilizer, we should also actively increase the application of phosphate fertilizer. 5) We should strive to plant early and to rush plant farm crops. All major autumn farming operations of harvesting, threshing, and planting are concentrated at the same time. If we want to plant early and well, we must race against time to do it.

Third, we should attach great importance to antiflood work. For some time in the past, although various localities have done a great amount of work, they still lag rather far behind the requirement for preparing against serious floods and waterlogging. Before serious floods come, all localities should conduct earnest examination on how preparations have been made, and adopt measures immediately if any problems are discovered. No oversights or omissions are permitted in this work. Meanwhile, we should educate cadres and

ordinary people to be mentally prepared for serious rains and floods, and attend to antiflood work and production simultaneously. We should reiterate the responsibility system. Top leaders of government at all levels should hold responsibility for the antiflood work--for the safety of a river, a reservoir, a section of dikes, or an area--and should be held accountable whenever problems arise. Leading persons at all levels must personally participate in antiflood work, and go to the forefront. We should step up removing obstacles from rivers, field training personnel, and supplying materials to repair dangerous sections. In particular, we should do a good job in removing obstacles from rivers to ensure the smooth flow of rivers during the flooding season. In addition, we should work out plans for winter farmland capital construction projects, and make specific arrangements for them as soon as the autumn harvest is completed. We require outstanding results in this work during this winter.

#### Continue to Strengthen Tax Collection Work, and Fulfill or Overfulfill the Tasks for Increasing Revenues and Reducing Expenditures

During the first half of this year, we fulfilled the semiannual revenue task, but registered only a 5.3 percent increase over the corresponding period last year. We should grasp this work more firmly during the second half of the year. First is to strengthen the collection and management of taxes. Financial and tax departments at all levels should have the courage to exercise strict control, persistently levy taxes according to the law, and prohibit any unauthorized reduction or exemption of taxes so as to collect all the taxes that should be collected. Tax personnel should be stationed in specialized villages that represent a large source of taxes to establish and improve mass organizations for coordinating and supporting tax work, and straighten out the issuance of receipts so as to stem loopholes in tax collection. The second is to bring expenditures under strict control. In particular, prefectures and cities where semiannual administrative expenses rose by a rather large margin should conscientiously analyze the reasons and adopt measures resolutely to effectively control this situation.

#### Make Good Arrangements for Markets, Do A Good Job in Nonstaple Food Supply to Cities, and Strictly Control Price Hikes

We should exert utmost efforts to suppress the trend of price hikes. As far as measures to stabilize commodity prices are concerned, we will once again emphasize the following. First, governments should hold responsibility at every level. Major comrades in charge of this work should personally pay attention to commodity prices, regularly analyze the situations in prices, and study countermeasures to control price hikes resolutely. Second, we should not wash our hands of commodity prices we no longer control, but should conscientiously strengthen management over them. What our country implements is a planned socialist commodity economy, which requires intervention and strengthened control and supervision. Those who raise prices and collect fees arbitrarily should be conscientiously investigated and handled, and those who sell poor-quality and fake goods, dominate the market through cheating, or jack up prices should be sternly dealt with. Third, earnest efforts should be made to make a success of the nonstaple food supply. In particular, the nonstaple food supply of the nine cities under the jurisdiction of the

province should be stabilized. The sources of the supply and the production bases should be stabilized, and commercial departments should fully develop their role as a major channel of supply, actively participate in market regulation, and keep the prices stable. We should make good use of the methods of subsidizing vegetable production, linking vegetable production with the allocation of grain and exchanging hogs for grain, strengthen purchasing work, regulate supply, and store goods in peak periods to be sold during the off seasons so as to ensure supply. Fourth, distribution of hogs and fresh eggs to outside the province should be strictly controlled. Vegetables produced on the outskirts of cities should be supplied to our province first, and if there is a surplus, vegetable departments should allocate it to outside the province in a unified manner. Fifth, autumn vegetables should be planted in full quantity and good quality. Sixth, preparations to supply the three festivals of the national day, the new year day, and the spring festival should be started now.

#### Foreign Trade Should Be Firmly Grasped Continuously

We should clarify the issue concerning rises in the purchase price of export commodities. We should conscientiously abide by the prices prescribed by the state, and forbid arbitrary and disguised price hikes. Concerning the purchase price ceilings set by relevant state departments, production, and supply enterprises, as well as foreign trade enterprises should abide by them strictly, and should never exceed the ceilings. Departments concerned should set appropriate prices for the purchase of scarce farm and sideline products that meet the standards for export. We should continue to implement the various state awards policies that encourage exports so that the initiative of supply and production enterprises can be aroused. In the distribution of bonuses, we should eliminate the "common big pot," and widen the disparity to truly embody the principle of awarding diligent people and punishing lazy people. We should further intensify the construction of export commodity production bases, work out plans for them, earnestly carry them out, and give preferential treatment to them in terms of supply of raw materials and funds, quotas for foreign exchange utilization, and energy and communications resources.

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**HUBEI RIBAO ON REPUTATION OF REFORM**

HK241044 Wuhan HUBEI RIBAO in Chinese 14 Jul 87 p 1

[Article by Chi Xin (6375 1800): "Safeguard the Reputation of Reform"]

[Text] The achievements of the reform are obvious to all, and everyone knows the people have benefited from the reform. Reform is the only way out for China and is the hope of the Chinese people. Therefore, the reform should not only be adhered to but should also be accelerated.

In the process of adhering to and accelerating the reform, we are faced with a very important question: We should correctly treat and resolutely safeguard the reputation of the reform.

At present, there is an abnormal situation in society. Some people have turned to indiscriminately regard a diversity of negative phenomena in society as "mistakes caused by the reform" and indiscriminately regard mistakes made by some irresponsible people as "unavoidable mistakes in the reform." If such confusion cannot be cleared up, people's confidence in the reform will certainly be dampened.

Have we made any mistakes in the reform? Yes, we have. We should acknowledge this fact. Is it possible to carry out an unprecedented cause in such a big country with 1 billion people as China without making any mistakes? The reform can only proceed amidst continued explorations. It is impossible for the reform to proceed successfully in every aspect at the very beginning and it is equally impossible for the reform to proceed in a standardized way within a very short period of time. So, mistakes are unavoidable and are not surprising. Over the past few years, we have achieved universally acknowledged successes in the reform and in our efforts to developing the social productive forces and building socialism with Chinese characteristics. Over the past few years, the CPC Central Committee has adopted resolute measures to practically correct mistakes we have made in the reforms once these mistakes are discovered. This fact is obvious to all. In the future, along with the further development and gradual perfection of the reform, the mistakes we make in the reform will certainly decrease and become less serious.

However, it is of great importance to correctly treat the mistakes in the reform. On the one hand, we should correctly treat mistakes in the reform; on

the other hand, we should not overestimate mistakes in the reform. At present, some people have tended to link a variety of negative phenomena in the society with the reform and even link some problems concerning the social security with the reform. In their view, the reform has provided opportunities for some people to do some bad things in our society, so the reform should be blamed and the reform is "undesirable." This is not the attitude of seeking truth from facts. If we carry out an objective analysis, it will not be difficult for us to understand that many negative phenomena in our society are not at all associated with the reform. For example, as far as the question of the increase of criminal cases in our society is concerned, these cases have indeed affected our social security and there are indeed some criminals and other types of bad elements who have been trying to destroy the socialist order in our society. However, this phenomenon is not the result of the reform. This phenomenon is the after effect of the special form of the historical class struggle under the socialist conditions. We have carried out the struggle against this phenomenon for many years and we will continue to fight against this phenomenon in the future. It is true that some unlawful elements have been doing some bad things by flaunting the banner of the reform. It is equally true that some people will always try to avail themselves of loopholes in the correct policies of our party and government. So long as the influence of the decadent ideology of the exploiting class still exists, these phenomena will inevitably continue to exist in our society. If we do not objectively analyze this situation, but indiscriminately blame the reform for the emergence of all the negative phenomena in our society, it would be neither conducive to our struggle against these negative phenomena nor conducive to the smooth progress of our reform.

We should objectively analyze the mistakes in the reform to see both what is inevitable and what is evitable. On the other hand, we should also try to make a clear distinction between mistakes that can be avoided and mistakes that cannot be avoided. Some people have tried to blame the reform for mistakes they have made in their work and said that their mistakes "are unavoidable mistakes caused by the reform." These people are completely wrong. These people have no enthusiasm in carrying out the reform and have not been keen on carrying out bold explorations in the reform. Instead, these people have been irresponsible in doing their work and have even practiced bureaucratism in their work. These people have caused intolerable losses to our country and people. For example, some people who are in certain high positions have not shown any concern for the reform and the life of the masses, but have been irresponsible in doing their work and have even abused their powers. Some people have been unwilling to listen to the opinions of the masses and experts and have not applied democratic and scientific methods in their decision making. Instead, these people have done things according to their own free will and even made irresponsible decisions. These people have not conscientiously carried out the party's general and specific policies, but have practiced malpractices by "using their own countermeasures to resist the general and specific policies of the party and the government." When something happens, they always try to shake off their responsibilities and do not earnestly try to resolve the problems. As a result, some serious problems still remain today. Some of these people have even availed themselves of loopholes in the reform and have sought private gains by abusing their

powers.... As a matter of fact, these people have made mistakes that are more serious and caused losses that are graver. Although these problems have emerged in the process of the reform, they have not been in any way associated with the reform itself. And these problems can certainly be avoided. Therefore, we should hold responsible the people who have made these mistakes and caused these problems and should not blame the reform for the emergence of these mistakes and problems.

What type of attitude one should adopt towards the reform is a question of principle and a question of right or wrong. So, it is necessary for us to further enhance our understanding of this question. To overestimate the mistakes and problems that emerge in the process of the reform and to hold the reform responsible for the mistakes made by some irresponsible people are two incorrect attitudes and can only objectively harm the reform. If we do not correct these two incorrect attitudes toward the reform, we will not be able to safeguard the reputation of the reform. And we should pay special attention to correcting the second incorrect attitude; otherwise, we will not be able to educate the bureaucrats. The reform and bureaucratism are as incompatible as fire and water. In a certain sense, the purpose of our carrying out the reform is to structurally and fundamentally wipe out bureaucratism. The irresponsible bureaucrats are certainly not advocates of the reform. And mistakes made by irresponsible bureaucrats cannot be lumped together with mistakes people make in the reform. If some people try to cover and defend their mistakes or try to shake off their responsibilities by saying that their mistakes "are unavoidable mistakes caused by the reform," they are wrong, because the party and the people will not tolerate them. All the leading cadres should take the lead in the reform and should take the lead in safeguarding the reputation of the reform as well.

The reform is an irresistible trend of history, so no one is allowed to vilify the reputation of the reform. All those who are determined to carry out the reform should stand up to make a clear distinction between right and wrong, clarify the facts, and justly and forcefully safeguard the reputation of the reform.

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## LIAONING SECRETARY DISCUSSES REFORM EXAMPLE

HK240651 Beijing JINGJI RIBAO in Chinese 11 Jul 87 p 1

[ "Special Dispatch from Shenyang" by Pang Tingfu (1690 1694 4395) and Li Tianbin (2621 1131 2430): "Quan Shuren Talks About the 'Guan Guangmei Phenomenon'" ]

[Text] The discussions in this newspaper about the "Guan Guangmei phenomenon" have drawn much attention from the Liaoning Provincial CPC Committee. Several days ago, Quan Shuren, secretary of the provincial party committee, gave an interview to reporters and had a long talk with them. He said: "These discussions are inevitable. The emergence of a large number of new things following the profound development of reforms requires explicit theoretical answers. On the other hand, the contradictions between the new and old systems and between the new and old concepts are becoming sharper, and there are many ideas and comments. All this requires democratic discussion so as to reach unanimity of understanding among people. Moreover, following the profound development of reforms, activists in reforms should become more mature; through discussions, they should overcome their shortcomings and correct their mistakes, as this is beneficial to improving their own quality. Therefore, these discussions are necessary for deepening reforms in Liaoning and in the rest of the country. The Liaoning Provincial CPC Committee gives resolute and active support to these discussions and demands that the whole province carry out these discussions more extensively."

Quan Shuren has always enthusiastically supported Guan Guangmei's method of leasing. On two occasions he instructed the department concerned to sum up Guan Guangmei's experience and popularize it when the opportunity is ripe. Not long ago, he went to Guan Guangmei's hire shop and made an investigation there. On how to appraise Guan Guangmei's reform, Quan Shuren said that the most essential point is to see whether it has helped improve economic results and develop the productive forces. We say Guan Guangmei's reform is a success. The most convincing proof is that the initiative of the operators and workers of the hire shop have been brought into full play and its economic results have greatly improved. The second point is to see whether its power of operation has been separated from its power of ownership and whether the responsibility and powers of its operators have been explicitly defined. Many of our enterprises have not been invigorated because they have not solved this problem, whereas Guan Guangmei's reform has solved this problem. From an official who sat in an "iron chair," she has now become an enterprise operator

who is responsible for its profits or losses. This has enabled her to be highly responsible in work and to link her fate closely to that of her shop. The third point is to see whether it has correctly handled the relationship between the state, the enterprise, the operator, and the producer. Guan Guangmei's shop has really ensured the lion's share of the state and maintained a steady annual increase in its contributions to the state. Under this condition, she uses the wage system to guarantee the implementation of the principle of distribution according to work. In the meantime, she does not grudge spending money for the renewal and transformation of her shop. This shows that Guan Guangmei always thinks of the interests of the state, the enterprise, and the staff and workers. The point which merits stressing is that we must acknowledge the legitimate income of the people who run rent shops. There are still some people who stick to the old concept that "if one is poor, everyone else should also be poor; if one becomes rich, everyone else should also become rich." If this problem remains unsettled, who else will be willing to take the risk of running hire shops? The last point is to make ourselves understand that Guan Guangmei's hire shop has witnessed marked improvements in management, in ideological and political work, and in work style. From her practice, we can also draw this conclusion: A fundamental change in a shop's work style relies on reforms.

On the various comments on Guan Guangmei's reform, Quan Shuren said that these comments had not arisen as a result of different views on Guan Guangmei herself and her hire shop. There are several aspects: First, everyone concerned about reforms is making efforts to explore reform methods. This is good. We encourage debate on different opinions so as to improve our reform work by means of absorbing better opinions from the debate. Second, some comrades have not plunged into the mainstream of reforms but are standing by the side of the stream instead. Having no knowledge of the real situation of reforms, they make comments on reforms. I hope that they will go deep into the practice of reforms and learn how to use the Marxist-Leninist viewpoint, stand, and methods to observe and analyze new problems. Third, a small number of comrades still stick to rigid views in their approach to today's reforms. In this situation, it is inevitable for the various comments to have emerged. An important problem now facing us is that we should unify the people's understanding of reforms and deepen their understanding of socialism. The discussions carried out by JINGJI RIBAO are a part of the significant propagation and education work. Various localities, departments, trades, and undertakings throughout the province should enthusiastically participate in and concern themselves with these discussions, with the aim of pushing forward reforms, perfecting reforms, and helping reformers to improve.

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## QINGHAI FORUM DISCUSSES ECONOMIC DEVELOPMENT

HK230543 Xining Qinghai Provincial Service in Mandarin 0430 GMT 23 Jul 87

[Excerpts] Yesterday afternoon, the provincial government convened a forum on economic development issues in Qinghai. Governor Song Ruixiang outlined the provincial government's ideas on economic development to theorists, economists, media men, experts, and scholars from the Loess plateau investigation team of the State Planning Commission, the provincial social science institute, and other units.

On the development of animal husbandry in the province, Song Ruixiang said that Qinghai has over 500 million mu of pastureland resources, and the province should assign animal husbandry an important place in its all-round development of agriculture. Continuous efforts should be made to tap potentials for developing animal husbandry in the eastern part of the province. It is also necessary to improve the rate of use of pastureland and take advantage of the province's strong points in traditional processing of animal products.

On exploiting and using the land resources, Song Ruixiang said that the question of agricultural development in the Qaidam oasis should be studied. It is necessary to summon up resolve and start work on this at an early date. Agricultural development there should be somewhat different from that in the eastern part of the province, where full advantage should be taken of the local strong points in agricultural technology and the economic results of the household contracted responsibility system should be improved. In the Qaidam oasis agricultural development, we should encourage some able hands to establish household farms and afford them every possible assistance for improving economic results of their operations.

In the wake of the construction of the Longyangxia and Lijiaxia hydroelectric stations on the upper reaches of the Huang He, the variations in the river's course will gradually come under control, and the areas along the banks should actively exploit shore and other land in the vicinity, and expand the area of land being used for a purpose.

Song Ruixiang also said that Qinghai, located on the roof of the world, has many magnificent natural features. Hence, there are great prospects for developing tourism.

On industry, Song Ruixiang said that it is necessary to concentrate efforts on improving economic results of the enterprises. We should apply the guideline of linking up east with west and actively bring in technology and capital from other provinces and from foreign countries to engage in joint mining operations.

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## SHAANXI SHOWS GOOD ECONOMIC DEVELOPMENT

HK271514 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 22 Jul 87

[Text] According to information provided by the provincial statistics bureau, in the first half of this year, under the guidance of the policy of reform, opening up, and economic invigoration and promoted by the double increase and double economy drive, the province's national economy developed steadily and continuously. The province fulfilled more than 50 percent of the annual target of its industrial output value in the first half of the year. The total output value of industrial enterprises above the township level in the province in the first half of this year reached some 9.84 billion yuan, marking an increase of 12.7 percent over the same period of last year and fulfilling 50.5 percent of the annual target. The output of energy and raw materials, which are urgently needed in the market, and the output of marketable products increased greatly. The quality of some products has been upgraded and the indices of material consumption and energy consumption have dropped. In 107 indices of quality examination, 83 maintained last year's level or increased. The increase rate of quality stability increased to 77.6 percent in the first half of this year from 58.9 percent in the same period of last year. The increase rate of quality stability of such main products as coal, petrochemical products, second light industrial products, metallurgical products, and textile products reached 80 percent. The labor productivity of industry owned by the whole people increased by 6.9 percent over the same period of last year.

Despite serious natural disasters in the first half of this year, the province reaped a fairly good harvest in agricultural production. The province's total output of summer grain reached some 4.5 billion kgs, a decrease of 6.3 percent over the same period of last year. The total output of rapeseed reached 193 million kgs, an increase of 17.2 percent over the same period of last year and an all-time high. The province's cotton-growing area was 885,000 mu, an increase of 9.1 percent over the same period of last year. The numbers of draft animals and of sheep increased by 7.1 and 8.6 percent respectively as compared with the same period last year. The output of beef, mutton, ewe milk, poultry, eggs, and aquatic products has increased to differing degrees, but the number of pigs has decreased.

Township enterprises have developed vigorously in reform. The total output value of the province's township enterprises in the first half of this year reached 4.07 billion yuan, an increase of 26.5 percent over the same period

last year. More than 2.12 million people are now employed by township enterprises, accounting for 20.2 percent of the total laborers in the province's rural areas.

The size of fixed assets investment has been under control. The fixed assets investment made by units owned by the whole people in the first half of this year amounted to 1.4 billion yuan, an increase of 15.1 percent over the same period last year, and lower than the increase rate in the same period last year. The growth of investment in technical innovation and transformation is higher than that of investment in capital construction. The proportion of investment in production has increased and the investment made by raw materials and energy departments has increased. The market is brisk and the supply of commodities has increased.

In the first half of this year, the province received a total of 118,000 foreign tourists and foreign exchange income from tourism reached 66 million yuan, an increase of 25 and 70.7 percent respectively as compared with the same period last year.

The province's financial income has increased and the unfavorable balance between income and payment in bank credit operations has narrowed. The local financial income in the first half of this year increased by 5.9 percent over the same period last year and fulfilled 44 percent of the annual budget. Local financial expenditures increased by 9.3 percent and fulfilled 42.6 percent of the annual budget. The deposits credit totals in the province's banks and credit cooperatives during the first half of this year increased by 29.6 and 23.3 percent respectively as compared with the same period last year. The unfavorable balance between income and payment in bank credit operations has narrowed.

In the first half of this year, while properly instituting the lease contract system in small enterprises owned by the whole people, the province has laid stress on grasping implementation of the contracted management responsibility system in large-and medium-sized enterprises. According to incomplete statistics, some 573 industrial enterprises in the province have now instituted the contracted management responsibility system. Among them, some 93 large-and medium-sized enterprises in four cities, namely, Xian, Baoji, Tongchuan, and Xianyang, have signed agreements on contracted management. After instituting the contracted management responsibility system, many enterprises have turned losses into profits and achieved marked economic results.

In the course of development, there were also some problems in the province's national economy in the first half of this year. The main problems are: Summer grain output has dropped due to natural disasters; transportation and communications were strained; the economic results of some enterprises were unsatisfactory; the amount of consumption fund is too big; and prices have risen too much. The general index of retail prices in the first half of this year increased by about 6.8 percent over the same period last year. The prices of non-staple foods, such as meat, poultry, eggs, and vegetables, have increased largely.

## SHANXI LEADERS DISCUSS CURRENT TASKS

HK240217 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 23 Jul 87

[Excerpts] Li Ligong, secretary of the provincial party committee, made an important speech at the provincial economic work conference on 23 July. He pointed out that to greet the new stage of deepening the reforms, we must not only create a [words indistinct] but also create a relatively optimum economic environment and a political situation of stability and unity. This should be regarded as the best action for greeting the 13th Party Congress.

Comrade Li Ligong said: At the provincial party committee's February work conference, in accordance with the spirit of the national conferences on party rectification and economic work, the provincial party committee proposed the main tasks for economic work this year, with the focus on launching the double increase and double economy drive and deepening the reforms. In the past half year, the double increase and double economy drive has been launched throughout the province, thanks to the common efforts of all sectors, and has yielded initial results. Enterprise reform is also underway. Generally speaking, the province's economic situation in the first half of the year was good. Industrial production has risen steadily, with an average monthly output value of 1.83 billion yuan, the highest level ever recorded. The province ranks in the upper half in the whole country in the main economic results indicators. Although summer grain output was reduced, the autumn crops are growing very well, and it appears that there are good prospects for recouping summer grain losses in the autumn.

While maintaining a certain growth rate in the second half of the year, we must center economic work on improving economic results. We must not blindly chase after output and output value but pay great attention to improving economic results.

Leading central comrades have recently pointed out on many occasions that the imminent 13th Party Congress will be a historic meeting for all-round promotion and deepening of the reforms. This meeting will reiterate the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, especially the policy of reform, opening up, and invigoration, and will also put political structural reform on the agenda. After the congress, reforms will unfold in an all-round way in all fields, and the contents of reform will continue to increase and its pace will be faster than now. From now on, we must make active and all-round preparations and create an excellent

production, work, and social order. We must also enhance our ability to accept and adapt to new reform schemes and measures, and welcome the new stage of deepening reforms with practical deeds.

Since implementing the spirit of Comrade Zhao Ziyang's speech at the meeting of cadres of propaganda, theory, the media, and party schools, we have done a good deal of work in propaganda and education regarding reform. However, generally speaking, we have not yet done enough in creating public opinion for reform, and we must make sound and unremitting efforts to this end.

We must also get a good grasp of implementing the economic reform measures that have already been tabled, and promote the development of production and the progress of technology. The provincial and city functional departments should seriously check to see whether the reform measures that should have been firmed up for the enterprises have been firmed up, whether managerial powers have been put on a sound basis, and whether the enterprises have truly established an administrative setup and a powerful and effective command system with powers and responsibilities, headed by the manager.

Li Ligong stressed that the province should lay stress on two aspects in its current work of implementing reform measures: First, it is necessary to continue to push and perfect the enterprise contracted management responsibility system and the plant manager and director responsibility system, further invigorate the enterprises, especially the large and medium ones. Second, it is necessary to do a good job in [words indistinct] to pave the way for promoting and perfecting the enterprise contracted management responsibility system and the plant manager responsibility system. All the functional departments, such as planning, finance and taxation, prices, credit, wages, industrial and commercial administration, and the departments in charge of the enterprises must work together to make a success of the reforms. Powers that should be delegated must be delegated. The provincial and city functional departments must delegate to the lower levels those matters that they themselves should not be managing, cannot manage well, or are unable to manage. It is wrong to withdraw or retain powers and interfere with the enterprises' decision-making powers.

Comrade Li Ligong also said that in order to greet the new stage of deepening the reforms, we must also further develop the excellent situation of stability and unity, so as to [words indistinct] for deepening the reforms.

The conference concluded on 23 July. Governor Wang Senhao also spoke at the concluding session. He reviewed progress in the first half of the year and proposed the economic work tasks for the second half, calling for a good grasp of the following items:

1. Refrain from arrogance and impetuosity and continue to work hard in the second half of the year. The leaders at all levels must guard against and get rid of blind optimism and [words indistinct] and ensure the fulfillment of all tasks for the year.

2. Unswervingly implement the principle of reform, opening up, and invigoration. We must enthusiastically support the reforms. The leaders at all levels must first enhance their understanding of reform.
3. Continue to launch the masses to deepen the double increase and double economy drive. All departments and units must do thoroughly well in implementing the measures for this activity.
4. We must continue to struggle against bureaucratism and further improve work style in the organs. The leading organs at all levels must establish the concept of wholeheartedly serving the grass roots, and regularly go to the frontline of production and construction to understand the situation and promptly solve problems.
5. We must make great efforts and take effective action to ensure price stability.

Wang Senhao stressed at the conclusion of his speech that the general demand on work in the second half of the year is to continue to get a good grasp of the two major tasks of deepening the reform and promoting the double increase and double economy drive, and fulfill all the tasks set by the provincial party committee's work conference at the beginning of the year and the [words indistinct] conference, and score outstanding successes to greet the 13th Party Congress.

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## XIAN OFFICIALS ON PRODUCTION, ECONOMY DRIVE, BUDGET

HK241349 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 21 Jul 87

[Excerpts] The 25th meeting of the 6th Provincial People's Congress Standing Committee opened in Xian on 21 July. Vice Governor Zhang Bin delivered a report on the progress of the double increase and double economy drive in the province. Ge Tao, director of the provincial finance department, gave a report on the fulfillment of the budget in the first half of the year. (Zhang Changle), director of the provincial township and town enterprise management bureau, reported on work in these enterprises.

In his report, Zhang Bin said that in accordance with the arrangements of the central authorities, while persevering in reform, opening up, and invigoration, the provincial party committee and government issued a decision on launching a drive to increase production and practice economy and increase revenue and economize expenditure, and held two province-wide telephone conferences on the subject to stimulate the deepening of the drive. This activity has made smooth progress in the past six months, and the economic situation is relatively good.

In agriculture, the province has achieved relatively good results through overcoming various natural disasters. Summer grain output is estimated to be close to the 1985 level. Rapeseed output may be a record. The township and town enterprises have maintained a fine development momentum.

In industrial production, the province has overcome difficulties caused by lack of electric power and serious shortages of raw materials and made sustained and steady progress. Output value up to the end of June was 9.838 billion yuan, an increase of 12.7 percent compared with the same period last year. Thus more than half the year's task was fulfilled in half the year.

In accordance with the spirit of the recent provincial party representatives meeting, the provincial government has decided that the double increase and double economy drive should be further deepened in the second half of the year. The province should therefore focus on the following tasks:

1. Further launch the masses to deepen this drive.
2. Get a good grasp of agricultural production and strive to fulfill the year's grain production task.

3. We must make big efforts to improve economic results in industrial production. We must continue to readjust the product mix in light of market needs, and increase output of goods with a ready market.
4. Continue to vigorously develop the township and town enterprises.
5. Strictly control the scale of investment in fixed assets, vigorously tackle the technological transformation of enterprises, and ensure the smooth completion of key construction projects.
6. Go all out to tap revenue sources to ensure the steady growth of revenue.
7. Continue to get a good grasp of foreign trade and tourism.
8. Seriously improve commercial work, make the markets prosperous, and stabilize prices.
9. Deepen the reforms to invigorate the large and medium enterprises. The provincial party committee and government have decided that the pace of introducing the contracted management system should be greatly speeded up. All state-owned enterprises should strive to introduce this system by year-end.

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CSO: 4006/851

## YUNNAN INDUSTRIAL-COMMERCIAL BANK MAKES EIGHT BREAKTHROUGHS

Kunming YUNNAN RIBAO in Chinese 16 Apr 87 p 1

[Article by Zhou Hang [0719 5300]: "Yunnan Industrial-Commercial Bank Makes Eight Breakthroughs and Boldly Explores Banking Reforms"]

[Text] In order to adapt to the growth of the national economy, the Yunnan Industrial-Commercial Bank has boldly explored banking reforms since 1986. By the middle of March 1987, it had achieved encouraging results and made eight breakthroughs.

1. It broke away from the pattern of vertical fund distribution by state banks, and achieved the following three accomplishments: it moved from general cooperation to fund cooperation; it changed from bilateral loans to multilateral loans; it made the transition from participating in money markets to sponsoring and establishing them. It took the first steps in forming a three-level crisscross fund circulation network between special banks in other provinces, in Yunnan, and in cities. By the middle of March 1987, it had made 90 loan transactions, which topped 700 million yuan and accounted for 11.5 percent of all industrial-commercial bank fund allocations throughout Yunnan.
2. It broke away from the situation of savings deposits being taken by banks alone. Relying on the strength of society, it developed urban savings, adding 37 full- and part-time savings agencies, 697 single agencies, and 9 banking syndicates which absorbed over 2.3 billion yuan of savings deposits.
3. It broke away from the traditional form of credit tools. It loaned 10 million yuan to 89 projects for setting up new commercial outlet facilities throughout Yunnan; it loaned over 18 million yuan to support lateral links between joint enterprises. In 1987, it also initiated 18 transactions in cashing commercial drafts and carrying out discount and mortgage loan business. Of these, 11 were for bank cashing of over 1.18 million yuan of drafts, and 4 were for bank discounting of over 480,000 yuan of loans. This alleviated enterprise circulating fund shortages.
4. It changed the way of clearing notes. It set up a note clearinghouse in Kunming. Throughout Yunnan, 23 banks participated in clearing notes, and 11 banks delivered receipts by train instead of sending them through the mail. This reduced internal and external fund pressures, shortened in-transit time of notes 2 to 3 days, and improved fund use results.

5. It broke away from the unitary bank structure. It established the Yunnan Industrial-Commercial Bank Trust Investment Co, which invigorated fund circulation developed the trust business, and accepted 50 million yuan of all kinds of business. It reorganized, improved, and developed 8 existing urban credit agencies, absorbing over 4 million yuan of savings, and supported the growth of state-run, collective, and private industrial and commercial enterprises. It also initiated such new business as storing of cash and issuing, transferring, and saving of wages, playing a helping and supplementary role for state banks.

6. It broke away from the backward way of handling banking business by hand. It distributed 12 B25 microcomputers, which have begun to play a role. The office on Huguo Road in Kunming is using microcomputers to transact some public business. Close attention is being paid to preparing and installing 4,381 computers, bill-counting machines have been put into general operation, and work efficiency has been raised.

7. It broke free from rigid management and administrative patterns. It carried out two measures for prefectures and autonomous prefectures (cities): one, it separated planning from funds, expanding guided plans and reducing directive planned management; two, it linked welfare and bonus funds to economic results, smashed the "iron rice bowl" in supplying funds to enterprises and its own egalitarian bonus distribution, improved management consciousness and ability, and aroused the enthusiasm of staff members and workers.

8. It broke away from the traditional system of managing leading cadres. Successful experience was acquired in carrying out the reform experiment of electing the branch president to a term of office in the Honghe County Branch.

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CSO: 4006/704

**TIBETAN BANKS AID AGRICULTURE, INDUSTRY**

HK271050 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 27 Jul 87  
p 2

[**"Special Report on Tibet" by Da Chansong: "Banks Bolster Agriculture"**]

**[Text]** Tibet has recently developed its banking businesses to provide loans for State and collectively-run enterprises as well as for individuals.

Most of China's major financial institutions, including the four specialized banks and the People's Insurance Co. of China now have branch offices in Lhasa.

"We are pleased we have made headway in promoting economic growth in Tibet and helped farmers' and shepherds to get richer," said Suolang Daji, head of the Tibet office of China's central bank, the People's Bank of China.

The Bank of China has set up a Lhasa branch to deal with foreign currency business for foreign tourists and for foreign currency-earning units such as travel agencies and hotels. The Tibet branch of the China Construction Bank has helped upgrade capital construction programmes in this poor area.

However, the largest amount of business is managed by the Industrial and Commercial Bank and the Agricultural Bank, running jointly in the office of the People's Bank of China Tibet branch.

The funds flow mainly to support agriculture and animal husbandry, tourism, and traditional handicrafts, the three major pillars of the Tibetan economy.

Farmers and shepherds have borrowed money to buy farm tools, seeds, chemical fertilizers, and pesticides, to create pastureland and to breed cattle scientifically.

There is no strict limit on the amount of money borrowed and a guarantee is not needed if the bank, after proper investigation, is assured of the borrower's credit standing.

The bank has helped transform tourist facilities, purchase equipment, and improve accommodation, transport, and the catering industry. The loans have

also been used to increase the production of folk costumes and souvenirs with Tibetan characteristics.

Support will also be given to the production and purchase of suitable export goods to increase the area's foreign currency earning.

Tibet differs greatly from other Chinese provinces and autonomous regions in its financing systems, Shuai Qiming, deputy-head of the People's Bank told CHINA DAILY.

Banks in Tibet have greater freedom to lend collective enterprises and individuals at interest rates much lower than in other areas. None of the national headquarters of these banks expect their Tibet operations to make a profit. Businessmen from other provinces who come to Tibet to set up wholly-owned businesses have access to bank loans at rates 20 percent lower than what they would get in their home provinces.

This year, Shuai said, the banks must try their best to increase the amount of deposits, which mainly comes from State allocations, and idle funds in the hands of enterprises, local government, and urban inhabitants.

Along with the economic reforms being undertaken in this region, the bank is also shifting its focus to support the commercialized production rather than primitive production for local needs. Emphasis will also be put on supporting horizontal co-operation between enterprises in different regions and departments, in the form of joint operations and compensation trade.

Last year, deposits reached 1.56 billion yuan, the highest ever.

The Tibet branch of the People's Bank has also set up sub-branches and credit co-ops at the prefectural and county levels to provide convenient services to support farmers and shepherds in remote areas.

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CSO: 4020/249

## SUGGESTIONS FOR DEVELOPING MONEY MARKETS

Beijing ZHONGGUO JINRONG [CHINA'S FINANCE] in Chinese No 4, 4 Apr 87 pp 29-30

[Article by Li Maiqiu [2621 7796 4428] and Hu Jizhi (5170 4949 0037]:  
"Suggestions for Further Developing and Improving Money Markets"]

[Text] When China changed its theoretical exploration of money markets to actual development of them in 1986, they began to appear one after another in all areas. We have surveyed this phenomenon and found that they are not limited to one kind, but include diverse forms, such as special bank department and transdepartmental money markets, single-trade loan and multifunctional comprehensive money markets, and regional money markets based on administrative divisions and transregional ones based in key cities. The major significance of the appearance of money markets is that they have introduced the market mechanism to the "split up" piecemeal distribution and management of funds and, thus, played a direct role in regulating fund imbalances, alleviating supply and demand contradictions, and raising efficiency. But, the same as for other things, money market growth also proceeds in an orderly and gradual way from imperfect to perfect. Along with the development in depth of our economic reforms, 1987 will be the key period in the growth of China's money markets. In view of this, and based on an analysis of our money market growth in 1986, we have made the following suggestions for further developing and improving China's money markets.

I. Fund Circulation Groups Should Be Organized, and inter-bank Loan Business Should Be Intensified: interbank loan business is a kind of fund circulation that is most urgently needed and most easy to develop. But present loan activity development is accomplished mainly on a temporary and part-time basis by banking personnel who are engaged in planned work. They still rely mainly on the state to supplement insufficient funds, and look to the market only when there is no other way. This puts inter-bank loan business in a very subordinate and supplementary position. Thus, in order to develop and intensify inter-bank loan business, it will be essential to organize fund circulation groups to engage in special money market fund business. Consideration should be given to setting up in every basic-level bank office fund circulation groups whose jobs will be to focus on carrying out fund raised business when money markets are open and accomplishing fund loan contact work at other times. This will promote the regularization of inter-bank loan business, avoid the phenomenon of personnel being too busy when markets are open and too idle at other times, and integrate tangible and intangible market work into an organic whole.

II. A Joint Market Network Should Be Formed, and integration of local and nonlocal Markets Should Be Promoted: Markets, of course, should be opened together. But at present, money market organizers act in different capacities, causing those who participate in each market to be confined to narrow circles in their own areas (or systems) alone, and many "isolated" markets to be formed. This limits the expansion and raises the cost of fund circulation. Forming a joint market network will promote a change in the status-quo of "each minding his own shop," and integrate local and nonlocal markets into an organic whole. The joint market network can be divided into two levels: the first would be a joint market network of all special banks in the same area, enabling each market to open in turn, dovetail, and fully use its "professional distinctions" in the process of putting funds to use; the second would be a major joint money market network of all economic regions based in key cities. Consideration can be given to making strongpoints of seven major money markets, such as Shenyang, Tianjin, Xian, Shanghai, Wuhan, Chongqing, and Guangzhou. Notices of fund imbalances can be circulated among them and, when each market is open, the fund circulation amounts, deadlines, and interest rates of the other six markets can be posted. In addition, consideration can also be given to publishing in turn the conditions of these seven major money markets in authoritative national newspapers.

III. The Number of Banking Tools Should Be Increased, and the Market Function Should Be Improved: China's money markets were started with inter-bank loan business. Statistics show that inter-bank loan business accounts for over 90 percent of the circulation in our present money markets, and that there is very little stock, bond, national treasury bond, and commercial note business. A major reason for this is that there are too few banking tools. Even when certain banking tools are used, transfer and circulation is prohibited, and they can only play the role of proof of capital ownership. If things go on like this, and the creation and standardization of diversified banking tools is not stressed, the growth of money markets will be lopsided and their functions will shrink. Thus, increasing the number of banking tools and promoting the standardization of fund circulation are urgently needed to improve money markets. The task can be divided into the following specific steps: 1) existing banking tools, such as national treasury bonds, financial bonds, and commercial notes, must be decontrolled and allowed to circulate and be transferred; 2) some enterprises that have good business reputations, credit, and results should be allowed to issue standardized stocks and bonds, and the conditions should be created to allow these stocks and bonds to be traded on markets; 3) short-term enterprise fund circulation cashier's checks should be issued. Since special banks and other financial institutions account for most present money market activity, industrial and commercial enterprises have not yet basically participated directly in money market activity. Under these conditions enterprise fund imbalances are principally organized and regulated by banks, and our bank loan business is indeed not representative of the loan business, but is fund circulation conducted by banks that are acting as agents for enterprises. Thus, it would be better to decide soon to allow enterprises to gear their fund needs directly to markets. This would make things convenient for enterprises and be favorable in alleviating the fund supply-and-demand pressures on banks. In addition, such things as large transferable time certificates and life insurance policies can also be issued.

IV. The Amount of Key City Bank Funds Should Be Increased, and the Formation of Regional Money Markets Should Be Promoted: Organizing economic activity based in key cities is a fixed goal of China's economic reforms. In line with this, the formation of a certain number of regional money markets based in key cities will also be inevitable. But at present, China's money markets are organized by administrative divisions, which is unfavorable to lateral fund circulation. In order to promote the formation of regional money markets, the amount of vertical distribution in credit fund management should be gradually reduced and that of lateral fund circulation should be expanded. Lateral fund distribution should be focused on the economic development zones that are being formed in key cities. The amount of key city bank funds should be increased and allowed to radiate to surrounding areas through money markets. Moreover, some central bank loans should be granted through money markets, with interest rates fluctuating according to the tightness of money, in order to allow the market mechanism to mature.

V. Control and Supervision Should Be Improved, and the Healthy Growth of Money Markets Should Be Ensured: The appearance of money markets has changed the secure conditions of the "planned finance" period, and a risk factor has appeared in fund circulation activity. Thus, it will be very important to improve the control and supervision of money markets. Since money markets have appeared as a negative form of "planned finance," on one hand, the former rules, regulations, and management methods are no longer suited to the needs of the new circumstances and, on the other, new financial legal, regulation, and control measures have not yet emerged, which has increased the difficulties in controlling and supervising money markets. Thus, money market management methods must be quickly established and perfected. A supervision system must be established to ensure that market agreements are honored in inter-bank loan business, and that loan transaction certificates are restricted by contract laws. Management methods for issuing stocks and bonds must be promulgated quickly, and a system to evaluate enterprise credit must be established. This will ensure the healthy growth of money markets.

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CSO: 4006/704

**NEW PROBLEMS OF TOWNSHIP INDUSTRIES**

Shanghai SHIJIE JINGJI DAOBAO in Chinese 18 May 87 p 10

[Article in Rural Economy Column by Tu Xinjun [1458 2450 6511]: "The Rise of Township Industries and the New Issues They Face"; first two paragraphs are source-supplied introduction]

[Text] By 1986, the total output value of township industries had reached an impressive 300 billion yuan, and 76 million jobs had been created. Township industries have changed the distribution of the country's productive force, and altered its centralized industrial pattern; they have initiated a complete overhaul of China's industrial structure, and eased the pressure of potential massive rural unemployment; they have made a historical contribution to alleviating rural poverty in China.

The extraordinary rise of township industries not only augmented the economic strength of Chinese villages but also signified the most important step toward a commodity economy for the traditional small-scale agricultural economy--with this large production contingent of millions upon millions of peasants who for generations had devoted to farm work having joined the commercial, circulation, and service sectors. Even more interesting, if we look at the history of contemporary economic development we will soon discover that the urbanization which accompanies industrialization creates problems for most developing countries: millions of impoverished farmers have crowded cities like Sao Paulo and Rio de Janeiro beyond capacity; a sharp rise in population to 17 million people in Mexico City raised havoc with its urban planning; Seoul, Manila, Cairo, Calcutta, and many other cities are plagued by slums, vagrants, high crime rates, and other urban ailments: China's township industries provide the exception.

**Internal and External Factors Responsible for the Rapid Rise of Township Industries**

To explore the reasons behind the rapid development of township industries, we must first analyze the former condition, and the reform process, of China's industrial structure. During the first 30 years after the founding of new China, Chinese urban economy and rural economy were two separate and closed entities: the so-called rural economy was based on self-sufficiency coupled with a form of "unified allocation and procurement" which required the turning

over of nominal amounts of agricultural and sideline products to the state; as for the urban economy, under the guiding principle which emphasized accumulation and neglected consumption, the cities went all-out to develop heavy industry and reduced the production of consumption goods to the bare minimum, repressing the people's consumption urges.

When the villages adopted the contract responsibility system, the quasi-equilibrium could no longer be maintained. At least five major factors are responsible for ushering township industries into the economic arena:

One, the adoption of the contract responsibility system unleashed the production capabilities of the agricultural sector; agricultural income rose dramatically as a result of adjustments and decontrol of some agriculture product prices, and the purchasing power of the peasants increased, increasing their propensity to spend; the peasants also had extra cash in hand which could be turned into industrial capital.

Two, because of its industrial structure the urban economy cannot supply all the manufactured consumer goods demanded by the rural consumer's market which has exploded; in addition, primitive sales channels and methods of circulation can no longer keep up with the dramatic increase in product exchange between the rural and urban economies.

Three, under the contract responsibility system, some collective capital and assets controlled by the primary administrative organs need not be ploughed back into agricultural production, and naturally they are channeled to the more lucrative industrial sector. In addition, rural credits which originally served the communes and production teams also provide the credit basis for developing township enterprises.

Four, due to the zealous efforts of the peasants, the per-unit output value has increased significantly: in a country with a huge population and little land, rural unemployment, previously hidden, suddenly loomed large, and this provided a large contingent of cheap labor for the development of township industries.

Finally, township industries have low startup costs: besides low labor cost, land-use and initial investment costs are surprisingly low. According to reports released by the State Council's Rural Policy Research Center, sample township enterprises showed that average initial investment, deducting material and labor discounts, totalled only 210,000 yuan: at startup, enterprises occupy 46.5 percent of the land free of charge, and the remaining purchased land costs an average of 263.11 yuan per mu; leased land costs an average of 68.94 yuan per mu per year: this is a far cry from the 10,000 yuan per mu site-occupation levy in suburban Shanghai.

If increased demands in the rural sector gave the richly endowed township enterprises the opportunity to try their hands at developing light industry, textile, garment, food-processing, construction, farm machinery, light chemical fertilizer, and other industries which require relatively little advanced technologies, then the subsequent change in urban demand undoubtedly provided the second wind: in the 1980's the Chinese people's pent-up consumption

urges erupted into what economists called an unprecedeted spending spree: electrical household appliances, expensive home furnishings, and fine clothing quickly became part of the everyday life of the average Chinese family. Furthermore, because income is evenly distributed among the people, there is little variance in the level of consumption, and this further exaggerates the already huge market resulting from the change in the level of consumption. Chinese industries in the cities are well known for being "big, Westernized, and complete," and it takes time to complete the process of structural adjustments, and this creates a perfect opportunity for the township enterprises; at the same time, traditional heavy industries are making the transition to light industries, and the production of small volumes of a large variety of parts and components opens more doors for township enterprises: this is most conspicuous in communities around major cities, for example, the soaring economy of the Southern Jiangsu is the living proof.

#### **"Excessive Competition" Diminishes the Economic Result of Township Industries**

Township industries are repeated thrust into prosperity not because they have exceptional abilities but because China's commodity economy was deprived and poorly developed.

Nevertheless, under the guiding principle of reform, revitalization, and devolution, China's large industries are undergoing structural changes, and their production are no longer dictated by mandatory plans: when they enter the commodity market in a grand style to compete with the township industries, the latter will be severely tested. Large industries and township industries compete under the most unfair terms: large industries have huge capital, advanced technologies, and well-trained personnel; they are well supplied with raw materials under state plans, and they have well-established sales channels and good information networks; more important, large industries enjoy economies of scale beyond the reach of township enterprises.

Concurrently, excessive competition between township enterprises means higher transaction costs in the market. According to studies conducted by the State Council's Rural Policy Research Center, 48 percent of the sample enterprises have competitors right in their own township, and township enterprises are characteristically "large in number, but small in scale." Sample enterprises most frequently cite "society's limited supply capability," and "too many enterprises need the same kinds of raw materials and energy resources" as the main reasons for the tight supply of industrial input, and they also blame poor sales on "overproduction of the same kinds of productions."

The consequence of this kind of "excessive competition" can be surmised: studies showed that, based on sample enterprises, the value of output per hundred yuan of fixed assets rose from 291 yuan in 1981 to 320 yuan in 1985, but acutal pretax profit fell in every year, from 64.5 yuan in 1981 to 47.5 yuan in 1985: that is, despite higher output value economic results have declined.

## Old Style Village Economy Inhibits the Development of Township Enterprises

What caused the chaotic state of over-competition and lower profit among township industries? To answer this question we must go back to the economic relationships unique to Chinese villages.

First, because the country's farm product prices are still irrational, simple agriculture has been reduced to a low-profit, or no-profit, industry: that is to say, if it failed to develop township enterprises, the Chinese rural economy would surely "go bankrupt." "Relying on industries to supplement agriculture," or even "using industries to support agriculture" is the way to shore up the farm economy, and this is the reason behind the zealous rush to set up local-owned enterprises: setting up township enterprises has become the official business of many local administrative organs in a majority of China's rural communities. Because township enterprises are fairly profitable, they can afford the many appropriations, and they are the source of welfare support for the village people. As a result, there are more and more township enterprises which have become progressively smaller; they are less and less profitable in a market which has become increasingly competitive: where every village has its industries and every household has its own farms there is little industrial performance or agricultural scale to speak of.

Secondly, China's villages have little contact with the outside world and have no financial, commercial, or information channels, and furthermore, because of all kinds of restrictions, farmers have little or no choice in investment channels. The major difference between a large industry and the township industry lies in the inability of the latter to establish its own information network: this is why township industries often react slowly to market signals, and it also accounts for their often chaotic investment behavior.

The fact of the matter is, the total output value of township industries has exceeded the sum of total output value of farming, breeding, forestry, fishery, and other traditional agricultural undertakings combined. Nevertheless, just as there are inherent laws regulating the development of the rural economy, township industries must abide by the laws of industrial development: these include the laws of cooperation and specialization in large-scale production for society as a whole, and the law of expanded reproduction: using farm management techniques to run industries will only lead township industries astray.

## Establishing a Close Relationship With the Large Industries Is Township Industry's Best Option

In fact, township industries have many potential advantages, for example, enterprise profit-retention level is high; labor and land costs are low; there is relatively little administrative interference, and their product delivery rate is high. Integrating these factors with those superior factors found in large industries, their future is most promising. Until now, however, township industries are still out of step with the large industries structurally, and this is causing serious wastes in resource utilization and chaotic supply and demand conditions (the Southern Jiangsu area, to a certain extent, may be an exception.) If township industries hope to attain more vigorous growth,

they must establish broader and closer relationship with the large industries. To achieve this end, the following prerequisites must be met:

--Large industries must resume their leadership position in the industrial structure: practice specialization and division of labor to help township industries; establish the subcontracting system to eliminate the present cutthroat competition; strive for greater economies of scale, and rationalize investments.

--Strengthen rural information, financial, service, commercial, circulation, trade association, and other systems to help the closed rural societies to adjust to the socialist commodity economy, and lower the social costs of transactions in product circulation.

--Change the present method of subsidizing the agricultural economy: most governments throughout the world are subsidizing agriculture, this in itself is not the issue, but we should replace the present "little cycle" format with a "big cycle" format: the so-called big cycle means developing township industries which turn over taxes and profits which the government uses to subsidize farm prices, or allocate in-kind subsidies; little cycle means township industries take care of the farmers directly, or allow peasants to share bonuses.

--Speed up the process of unifying cities and towns: gradually allow free movements of assets, capital and labor between cities and towns, and set up market towns where suitable, and speed up the centralization of township industries by economic, administrative, and legal means; strengthen services, such as transportations, freight, communications, power supply, pollution control, finance, consulting, economic arbitration, technologies, and others which cater to serving enterprises, and allow enterprise staff and workers to settle in the market towns.

--adopt the stockholding system: centralize or merge small enterprises to increase the economies of scale in township industries, and insulate the survival and development of enterprises from the geopolitical organization rooted in the administrative zones.

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JIANGSU OPEN TOWNSHIPS PROFIT FROM FOREIGN TRADE

OW140602 Beijing XINHUA in English 0550 GMT 14 Jul 87

[Text] Nanjing, 14 Jul (XINHUA)--Jiangsu Province's 200 satellite townships are earning profits by stepping up foreign trade links, a provincial official reported.

Scattered in the Yangtze River delta, and around Suzhou, Wuxi, and Changzhou, these open townships, account for 60 percent of the province's total, and the output value of each is over 100 million yuan (27 million U.S. dollars), and the export volume of some exceed 1 million yuan (270,000 U.S. dollars).

In Suzhou, the export volume of nine townships exceeded 50 billion yuan (13.5 billion U.S. dollars) and increased 50 percent during the first half of this year.

In Wuxi, 72 townships have used 27 million U.S. dollars to import 67 technological projects and some textile and light industrial equipment, of which 50 items are already operational.

To improve the foreign investment environment, some townships, like Zhutang, have spent over 2 million yuan (541,000 U.S. dollars) to upgrade the area's textile and garment industries, and are now selling products to 37 countries.

Zhutang has generated foreign currency earnings of 5 million U.S. dollars in the first 3 months of this year, triple the amount for the same period last year.

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## MEASURES TO PREVENT STOCKPILING OF AIR-FREIGHTED IMPORTS

Beijing GUOJI SHANGBAO in Chinese 27 Jun 87 pl

[Article by Jiang Hao [3068 3185]: "Ministry of Foreign Economic Relations and Trade Acts to Prevent the Stockpiling of Air-freighted Imports"]

[Text] The Transportation Bureau of the Ministry of Foreign Economic Relations and Trade [MOPERT] recently called a meeting with the relevant foreign trade companies and industrial and trade companies to discuss the prevention of the stockpiling of imports shipped to China by air. A series of measures were proposed to define responsibilities, simplify formalities, and to make things easier for merchandise owners.

They are as follows:

— when a unit that imports and uses the goods places an order with an ordering company, it should fill in all the items on the "order form for imported goods" carefully. If a goods-using unit intends to seek damages from the seller or demands that the seller supply whatever is missing, it should ask the original ordering company to handle the case. Where special circumstances obtain and a goods-using unit files a claim for damages on its own, it must ask the seller to indicate clearly on the shipping list the contract number and consignee. It must also inform the original ordering company and ask it to work out a claim for damages.

— an ordering company must apply to the Transportation Bureau of MOPERT for its own logo code-name and must not create one's own or borrow that of another unit's. An ordering company that has not yet applied for a code-name must do so within a specified period. It is proposed that upon obtaining a code-name, the ordering company should report it to the Bank of China as one of the requirements for the processing of use certificates. As much as possible, ordering companies should use the foreign transportation companies' air freight agency services around the world. A seller should also be asked to promptly send out a dispatch telegram after a shipment (whether it is a shipment of samples or of merchandise to replace damaged goods). The shipment should be accompanied by an invoice, a packing list, and a shipping list indicating the contract number, the consignee and the relevant branch of the designated foreign transportation company. A copy of the contract should be

sent to the foreign transportation company after 7 days before the shipment arrives. It should be stated explicitly in the contract that the logo should be marked clearly on all packing boxes.

-- when receiving goods from the Civil Aviation General Administration, the foreign transportation company should check to make sure that the merchandise on hand tallies with what is indicated on the shipping list. Documents must be properly signed when goods were received. In the event that the shipment exceeds or falls short of the quantity ordered, or when it is damaged or totally destroyed, the foreign transportation company should obtain a commercial record from the Civil Aviation General Administration. During the 3-month period from the arrival of the merchandise to customs declaration, the foreign transportation company should send at least three notices or inquiries by registered mail to the goods-ordering and goods-receiving units: the first to be sent immediately upon the arrival of the shipment (white form), the second after a month while awaiting customs clearance when the shipment has not cleared customs within 1 month (yellow form), and the third, after two months while still awaiting customs clearance when the shipment has not cleared customs. Goods-ordering companies suggest that customs simplify formalities to aid cargo owners. In particular, simple feasible customs-inspection regulations should be drawn up for cargoes that importing units have claimed as damages or for gifts, samples, and promotional items.

It has also been learned from the departments involved that in order to prevent import stockpiling, the MOFERT's Transportation Bureau has recently reaffirmed regulations governing the import and ordering of foreign goods and the design and use of a logo by a consignee.

The regulations stress that in placing an order with a foreign company, an enterprise authorized to import and export must sign a trade contract using the logo approved by MOFERT in order to avoid errors at such points as shipment, customs inspection, delivery of goods, and in account settlement at the bank, all of which can lead to economic losses. In the future, all new import enterprises must apply to MOFERT for a logo code-name at the same time as they apply for permission to import. When a misunderstanding arises, foreign trade companies should give them assistance. After concluding a contract with a foreign company, an import company at any level should promptly mail a copy of the contract, along with the detailed name and address of the consignee, to the relevant branches and offices of foreign trade transportation companies, at land transportation points, sea transportation unloading ports, and air-freight ports to facilitate the delivery of goods and transhipment.

12581/13104  
CSO: 4006/814

## INTERNAL MANAGEMENT TERMED GREATEST PROBLEM FOR JOINT VENTURES

Shanghai SHIJIE JINGJI DABAO in Chinese 11 May 87 p 11

[Article by Li Wei [2621 0251] "The Experience of Joint Ventures is That the Biggest Problems are With The Greatest Internal Management, not External Conditions"]

[Text] The joint venture enterprise is the principle way China brings in foreign capital. It not only allows us to import capital and technology, but also introduces an organization of the market economy. However, when several thousand joint ventures wedge themselves into China's traditional economic system, friction is bound to develop, both internally and externally.

Externally, a joint venture enterprise often runs into problems with the business environment. The Chinese investment climate became the focus of world attention when the Beijing Jeep Co, Ltd stopped production because of a shortage of foreign exchange. As a result, the Chinese Government adopted a series of measures to improve the investment climate.

Internally, both the Chinese and the foreign parties of a joint venture enterprise cannot help but run into disagreements and opposing ideas and methods in the course of the day-to-day management of the enterprise and in decisionmaking. However, we have not yet had time to seriously study this problem. As facts have abundantly already made clear, China's joint venture enterprises have the greatest difficulty with internal management, not external conditions.

The experience of joint ventures internationally is that it is an organization that is difficult to manage and has a failure rate higher than other kinds of enterprises. Harvard University researched 1,100 joint venture enterprises jointly run by American corporations and developing countries before 1967, and reported that 30 percent of the enterprises were in an unstable condition. Between 1972 and 1976, Japan suffered 90 joint venture failures. The Japanese Import-Export Bank, carried out a mail survey on 1,717 enterprises overseas and found that nearly, one-half of the enterprises were in the red; a research group led by Canadian economists found the same results after investigating joint venture enterprises in Mexico: joint venture enterprises are harder to manage than other enterprises, and, more often than not, their biggest problem is internal management, not external conditions.

### Three Forms of Joint Venture Enterprise Management

Internationally, there are generally three forms of management of joint venture enterprises: (1) management primarily by the parent company of one partner with the parent company of the other partner functioning as auxiliary; (2) joint management by personnel representative of both sides; and (3) hiring a third party to manage. Of these three forms of management, enterprises that engage a third party have the highest rate of success. Enterprises managed primarily by the parent company of one of the partners have the next highest success rate, while enterprises jointly managed by its partners have the highest rate of failure.

It is a fact that joint venture enterprises possess various management forms. If we insist on promoting and institutionalizing joint management by both sides, we may well end up keeping joint venture enterprises from finding their optimum form of management, thus making them more liable to fail.

### Chinese Joint Venture Enterprises Make No Distinction Between Ownership and Management Rights

The general tendency in the development of joint venture enterprises is that ownership and management are mutually separate. The relationship between ownership and management is complicated in the case of China's joint venture enterprises. A distinguishing feature of joint venture enterprises is the diversification of companies. The parent company of each of the joint venture partners sends representatives to manage the joint venture. Members of the board of directors are appointed or dismissed by each side of the jointly run enterprise, while the office of the chairman of the board is held by the Chinese side. Managers and assistant managers are designated by the two respective sides. This method of delegating authority distributes stock ownership and management. In other words, both the Chinese and foreign sides share management rights and carry out joint control of the management work of the enterprise. As far as each side is concerned, this arrangement integrates stock ownership rights and management. As far as the entire joint venture enterprise is concerned, it divides management into two parts, with each party of the joint venture enterprise holding a portion of the management rights. Because the interests of the two parties are different, it is unavoidable that there will be differences of opinion with regard to the direction of market, the transfer of the possession of technology, the balance of foreign exchange, the rate at which things become able to be produced domestically, even in their respective concepts of value.

As a host of facts make clear, when management is running smoothly, both parties can conceal this aspect of their conflict of interest. However, during a difficult period, fundamental contradictions that are usually concealed will surface because the personal interest of each member of the management staff are closely linked to their own company and not to the interests of the joint venture enterprise itself.

What merits our attention is that, among China's joint venture enterprises, there is no real relationship between the amount of stock and the control rights. The

principle that the minority is subordinate to the majority is not practiced among joint venture enterprises. Even though one side owns minority stock and has only one member on the board of directors, they also have veto power. In day-to-day management, the joint venture enterprise practices a joint signature system, where important management policy decisions go into effect only after the decision is signed by managers of both sides. If either side disagrees, then the policy decision cannot be made. This inevitably increases the amount of coordination involved and delays the policy decision.

Allowing foreign commerce to operate in accordance with current managing practices abroad has significantly improved the investment climate and attracted even more foreign capital. However, as practice has proven, under present conditions, there are still many difficulties in managing an enterprise according to common business practices abroad, so much so that certain aspects of foreign business practices are hard to carry out. Undoubtedly, there is much advanced management experience abroad that is worthwhile for our reference. However, running a joint venture enterprise in China is not the same as running one in the United States or in Japan. Because of this, we should fully consider the circumstances unique to China in dealing with problems. Indiscriminately adopting foreign conventions can easily lead to internal friction within an enterprise, harming its better interests.

The Xiamen Hongtai Development Corp, a wholly Hong Kong owned enterprise in Xiamen, considers that main reason why the company will achieve success is because, by integrating China's unique circumstances and modifying certain lessons drawn from foreign management experience, it creates a unique enterprise that is invested in with foreign capital yet has a distinctly Chinese style.

In order to create an atmosphere of equality and fairer work environment, and to enable all staff and workers to be more cheerful in their work, the Great Wall Hotel recently announced that they would abolish the practices whereby foreign management personnel and their family members enjoy the free use of company cars, residence in first-class guest rooms, and special dining privileges in first-class restaurants, and stipulated that in hiring prospective employees not be discriminate against on the basis of their nationality. The foreign manager will recognize that a enterprise in which foreign capital has been invested is also a Chinese enterprise, and that Chinese and foreign personnel should be treated equally, without discrimination.

The number of Chinese joint venture enterprises is already considerable. Having accumulated 7 to 8 years experience while diligently improving the investment climate, we must now summarize, study, and improve joint venture enterprise management, to enable joint venture enterprises to become even better.

13138/12951  
CSO: 4006/692

## FINANCING OF SHANGHAI ETHYLENE PROJECT

Shanghai WEN HUI BAO in Chinese 16 Jun 87 p 1

[Text] Three loan agreements were signed yesterday by the Shanghai branch of the People's Construction Bank of China to secure \$240 million in foreign capital for Shanghai's 300,000-ton ethylene project. This is Shanghai's largest transaction involving foreign financing since it opened to the outside world.

The 300,000-ton ethylene project in Shanghai is one of the key projects under the Seventh 5-Year Plan. After it goes into operation, it will be able to produce 1.3 million tons of petrochemical products valued at 3.25 billion yuan each year, generating 950 million yuan in profits and taxes. Instead of relying on state investments, as in the past, this project is financed through funds raised at home and abroad. Both domestic and foreign funds required for the first phase of the project were raised and managed centrally by the Shanghai branch of the People's Construction Bank of China. According to leading comrades on the CPC Central Committee and the State Council, the fund-raising for the project is a reform indicating that China has taken a big stride forward in the funding of capital construction and the financial management system.

Of the three loan agreements signed yesterday, one is a \$150 million syndicated loan. The syndicate consists of 28 foreign banks, led by Citibank of the U.S., the Industrial Bank of Japan, Bank of Tokyo, and Banque de l'Inde et de Suez of France. The loan will mature in 10 years, with a grace period of 54 months. The second is a 10.1 billion yen syndicated loan. The syndicate comprises 18 foreign banks, with the Industrial Bank of Japan in charge. The maturing period, grace period, and interest rate of the second loan are identical to those of the first. The third loan consists of \$26.3 million worth of export credits from Italy, with Citibank of the U.S. acting as the intermediate bank. President Zhang Enzhao [1728 1869 3564] of the Shanghai branch of the Construction Bank told WEN HUI BAO reporters yesterday that the fact that it took the municipal Construction Bank just a little over 6 months to line up the three huge foreign loans overseas underlines the confidence of the international financial community in China's policy of opening to the outside world.

The signing ceremony yesterday was attended by guests from 31 foreign banks, representing 41 lending institutions in 6 countries including Japan, the U.S., France, Britain, the Netherlands, and Italy. Representing China at the ceremony were, among others, Chen Muhua, state councillor and president of the People's Bank of China, Chen Jinhua [7115 6930 5478], general manager of the China Petrochemical Corporation, Zhou Daojiong [0719 6670 3518], president of the People's Construction Bank of China, and Huang Ju [7806 5468] and Ye Gongqi [0673 0361 3823], both vice mayors of Shanghai.

The raising of the balance of the project's foreign capital requirements is progressing well and the appropriate loan agreements will be signed soon.

12581/13104  
CSO: 4006/814

**EARLIER MARRIAGES, BIRTH RATE INCREASE REPORTED**

HK260452 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 26 Jul 87 p 1

[Text] More early marriages and an out-of-control birth rate are hurting China's population control program, an official newspaper reported yesterday.

The China WOMEN'S NEWS said the percentage of births outside government family planning levels had reached 30 percent in many areas, particularly poorer rural regions.

About 17 percent of the births nationwide were into families already with children, the newspaper said.

China, the world's most populous nation with about 1.06 billion people, adopted a one-child policy in 1980 to stem the birth rate.

The report, quoting information from the state Family Planning Commission, said one major problem was women were marrying at an earlier age, leading to earlier first pregnancies and larger families.

Young adults are encouraged to hold off marriage until their mid or late 20s because of China's population problems, but in some villages as many as 20 percent of the youth are marrying earlier, the report said.

Another problem has been a relatively high birth rate among China's mobile population, which has increased with the market-oriented economic reforms under which some Chinese have gone into business for themselves.

Effective family planning management has been difficult for that group, the report said, noting that in some areas mobile families account for only 3 percent of the population but 10 percent of total births.

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CSO: 4020/249

TRANSPORTATION

ECONOMIC

BRIEFS

FUJIAN HIGHWAY TUNNEL--Fuzhou, 26 July (XINHUA)--A certain unit of the Nanjing Military Region has rapidly and with good workmanship completed the construction of China's first modern two-lane highway tunnel, the Fuzhou Gushan Tunnel. On the morning of 26 July, soldiers and civilians of Fujian Province held a grand ribbon-cutting ceremony and military parade to mark the trial opening of the tunnel to traffic. Leading comrades of the Nanjing Military Region and Fujian Province Xiang Shouzhi, Fu Kuiqing, Chen Guangyi, and Yuan Qitong cut the ribbon at the ceremony. The Ministry of Communications sent a greeting cable. The 3,138-meter Gushan tunnel is one of the two tunnels on the Fuzhou-Mawei Class 1 highway, which is currently undergoing expansion and is the longest two-lane tunnel in China at present. [By reporter Zhang Ruisan and Jie Yanzhen] [Excerpt] [Beijing XINHUA Domestic Service in Chinese 0652 GMT 26 Jul 87 OW] /12913

CSO: 4006/851

## MINISTRY CONCERNED OVER ILLEGAL TREE FELLING

HK230206 Beijing CHINA DAILY in English 22 Jun 87 p 1

[By staff reporter Xu Yuanchao]

[Text] The Ministry of Forestry has called for greater efforts to halt illegal cutting of forest trees in south China's ten provinces and one autonomous region.

A ministry official told CHINA DAILY that illegal cutting in southern provinces has been almost stopped but some criminals are still at large.

The ten provinces and an autonomous region are Fujian, Guangdong, Yunnan, Guizhou, Sichuan, Anhui, Hubei, Hunan, Jiangxi, Zhejiang, and Guangxi, where forests cover 47 million hectares.

The official said more than 100,000 hectares of forests were damaged seriously last year in China. About 2.5 million cubic metres of timber worth \$250 million were cut illegally.

In the first three months of this year, illegal cutting of trees occurred in southern province, particularly Jiangxi and Guizhou, as well as the Guangxi Zhuang Autonomous Region.

In some areas of Guizhou and Guangxi, groups of farmers riding motorbikes went into forest farms to cut trees, breaking through checkpoints and wounding forest guards.

The official said some trees were cut from both ends and carried away on motorbikes and carts.

Deforestation is also serious in Jiangxi Province, ECONOMIC DAILY said. In February, 300 farmers in Yongfeng County rushed into a State-run reclamation farm to cut trees and bamboo without permission from forest authorities.

About 2,000 pines and bamboo plants were cut. Two forest protection stations were burned, and five houses of forest guards were looted. The farmers also wounded the farm's director and guards, who were trying to stop them.

The paper said the reclamation farm, established in 1957, sustained a loss of 100,000 yuan. Two other groups of farmers went into the farm and cut 200 cubic metres of timber in March because the criminals had not been punished, the paper added.

The ministry official said deforestation had upset the ecological balance and created difficulties for planting trees in affected areas.

He said the State Council, aware of deforestation in southern provinces, would issue a package of regulations to take strong measures against illegal cutting and to change related policies in forestry.

China has 115 million hectares of forest resources, consisting of about 9 billion cubic metres of timber, mainly in Northeast China, where a large area in the Daxinganling mountains was burned by a forest fire recently.

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## COUNTRY DEVELOPS 36 NEW CROP STRAINS IN 1986

OW270811 Beijing XINHUA in English 0634 GMT 27 Jul 87

[Text] Beijing (CEI)--China developed 36 new crop strains in 1986, according to Yang Chongyang, vice-minister of agriculture, animal husbandry and fisheries.

The strains will help increase output up to 20 percent, he said.

A corn, "Chongdan 206," contains 210 percent more lysine in the seeds than the conventional strains, meeting the world's advanced level.

Although the output is only slightly above the conventional strains, Chongdan 206 resists disease.

New cotton strains, including "Xuzhou 553" and "Zhongmian 12," is similar to a top-quality U.S. cotton.

"Dongnong 36," a soya bean which contains 63 percent proteins and fat, is ripe 5 to 19 days earlier than the previous most short-grown strains in the world, such as "Kuaifeng," thus extending growing areas further north where the non-frost season is short.

The new soya strains, "Youbian 30," contains as much as 66 percent proteins and fat.

New wheat strains, resist many diseases and as a result China has brought rust disease under control over the past years.

In addition, China also developed a number of wheat strains that are resistance to drought, scorching heat and cold.

Between 1979 and 1985, 156 seed breeding results were awarded by the state, government departments, and institutions.

Some 334 new grain strains were developed from 1983 to 1985. They were sown on a total of 26.7 million hectares, increasing output by 10 million tons.

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## ANHUI LIVESTOCK PROBLEMS EXAMINED

Hefei ANHUI RIBAO in Chinese 7 May 87 p 1

[Unattributed Article: "Anhui Province Experiences 'Four Increases and Two Decreases' in Livestock Industry in First Quarter"]

[Text] According to statistics released by the provincial livestock techniques and experiences exchange conference held in late April in Tianchang County, the livestock situation in Anhui Province for the first quarter of this year can be described as "four increases and two decreases." There were 4,864,300 head of large livestock on hand, which was an 8.1-percent increase over the same period last year; 2,425,300 head of sheep, a 30.7-percent increase; more than 119 million head of poultry, a 3.5 percent increase; and 213,900 beehives, a 17.9 percent increase. On the other hand, there were 12,062,600 head of hogs on hand, which was a 1.8-percent decrease compared to the same period last year, of which 883,100 [figure in source partly illegible] were fertile sows, a 14.3-percent decrease; and there was a decrease in the number of rabbits.

In order to increase the economic results of the livestock industry, all areas in Anhui over the past few years successfully introduced and circulated advanced livestock and poultry production experiences gained from inside and outside the province, conducted various training classes, printed and distributed a large amount of technical materials, and spread and applied livestock and poultry production techniques. Suxian and Puyang prefectures both devoted major efforts to breeding cattle with cold-stored semen. In the first quarter of this year, the number of cattle raised by these two prefectures amounted to 2.25 million head, and they became important beef production bases for the province. Beginning last year, Chuxian Prefecture has spread a new technique for raising young poultry together, and this year the technique has been designated by the provincial agriculture, animal husbandry, and fishery department as an important item to be popularized. To counter the decline in hogs on hand, and especially the large decrease in the number of sows, all areas of the province have seriously investigated and analyzed the reasons for this reduction. A major reason has been the large increases in fuel prices, while quality has remained inadequate. This has reduced the economic results of hog production, and has made the peasants unenthusiastic about raising hogs. Many areas at present are allocating some parity feed grain to support hog farms, hog-raising specialized households, and the peasants to expand hog production.

## VEGETABLE SHORTAGE, HIGH PRICES IN JIANGSU

Nanjing XINHUA RIBAO in Chinese 26 Apr 87 p 1

[Article: "How Can We Ease the Somewhat Tight Vegetable Situation?--Interview With an Official of the Provincial Vegetable Office"; date and place not given]

[Text] Because of the current vegetable shortage and high prices, this reporter called on an official of the provincial vegetable office, and conducted an interview.

[Question] What is the reason for the current vegetable shortage and high prices in the marketplace?

[Answer] Data show that for the first quarter of this year the retail price index of the major varieties of fresh vegetables for 13 municipal and state-operated vegetable companies was 22.3 percent lower than for the same period last year. It has only been since the beginning of April that there has been a substantial increase in vegetable prices, with the largest increases being in vegetable prices at country fairs. At the same time, there certainly is not a vegetable shortage in every city; vegetable supplies are relatively plentiful, and prices stable, in cities such as Wuxi, Zhengzhou, Huayin, and Taizhou. But there is a vegetable shortage in most cities. Prices for green vegetables, in particular, have risen substantially and there have been numerous complaints by the masses. There are three major reasons for this. First, we have experienced abnormal weather. Temperatures were excessively high this February, so some green vegetables went on the market sooner than expected, which created earlier spring shortages. In March, we had an unbroken spell of wet weather, low temperatures, and insufficient light. Most areas suffered three successive heavy snowfalls, which slowed the growth of the vegetable crops, resulted in serious losses to summer seedlings, and made field planting difficult. This lengthened the period of the spring shortage. Since vegetables were plentiful last autumn and winter, they were not put on the market right away, and remained in the fields a relatively long time, which affected the clearing of the crops. This affected somewhat this year's vegetable planting, as 13 cities throughout the province planted more than 10,000 fewer mu. Second, the last half of last year vegetables were plentiful and inexpensive, which brought definite secondary effects. Third, work was somewhat slack and since the green vegetables situation was pretty

good in some cities last year, thinking became relaxed and careless, so the vegetable production and marketing situation was not adequately estimated, arrangements were not appropriate, and deployment was not timely.

[Question] Why has the recent rise in vegetable prices been so large?

[Answer] Vegetables are a fairly sensitive, special commodity, with wide price fluctuations. Furthermore, some cities were not strict in managing agricultural trade markets, and were not forceful in attacking the deceitful vegetable peddlers which dominate the markets and drive up prices. Another aspect is that in order to respond to changes in consumption demand by the masses, there was a large increase in cultivation of early-maturing summer vegetables, such as garlic bulbs, tomatoes and hot red peppers, which in 1982 did not go on the market in Nanjing until the end of May, but many of which for the last 2 years hit the market at the end of April. This necessarily increases costs.

[Question] When will the vegetable shortage ease up?

[Answer] There are approximately 60,000 mu of vegetable crops which will go on the market in April and May, and all areas recently have been rush-planting a crop of small green vegetables; seven cities, such as Nanjing and Wuxi, already have planted an additional 6,000-plus mu. At the same time, the commercial sector of all areas strived to expand the amount of vegetables purchased from outside. According to statistics of 13 cities, outside vegetable purchases for April and May amounted to more than 30 million kg, or one-third of the market supply. All cities also are increasing supplies of bean products and dried vegetables. In short, in the wake of a change for the better in the weather, a rise in temperatures, and the common efforts of both the agriculture and commercial sectors, the vegetable supply shortage will quickly be resolved, and prices will drop.

[Question] What measures should be prepared and adopted for the current vegetable situation?

[Answer] The provincial government is treating the current vegetable supply problem very seriously. Leading comrades of the provincial government on 22 April personally heard reports on the vegetable production and sales situation for cities throughout the province, and offered several ideas on how to improve current efforts regarding vegetables:

First, each municipal government must take the vegetable problem very seriously. Goods and materials for vegetable special projects set up in the province must all be used for vegetable production, and must not be indiscriminately divided up or misappropriated. Second, the provincial vegetable office must pay attention to typical cases, broaden its experience, and promote summer vegetable production and management. It should in the near future jointly convene a provincewide summer vegetable meeting in Wuxi with the agriculture and commercial sectors, which would introduce Wuxi's experiences in early deployment and tight management of summer vegetable production and sales work, and its experiences in running pilot vegetable

faces (and workshops). Furthermore, these experiences should be disseminated and popularized. Third, the vegetable-producing sector must lose no time in completing its quota of planting 150,000 mu of summer vegetables. At the same time, it also must make the most of various economic subsidies to promote summer vegetable production, and bring the vegetables in the fields to market. Fourth, the commercial sector of all cities must adequately arrange current markets, strictly execute production and sale contracts, expand the use of outside vegetables, and increase supplies of bean products. We must especially arrange market supplies adequately for the May Day festival, and work hard to stabilize vegetable prices.

Finally, it is proposed that the industrial and commercial administrative and management sectors strengthen market management, and, in order to stabilize vegetable markets, particularly combat actions which drive up the prices of goods through deceit.

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CCD: 4006/667

## SHAANXI AGRICULTURAL TASKS IN 1987

Xi'an SHAANXI NONGYE [SHAANXI AGRICULTURE] in Chinese 8 Apr 87 pp 3-4

[Article: "Major Tasks of Agricultural and Animal Husbandry in the Province in 1987"]

[Text] What are the major agricultural and animal husbandry tasks in 1987 in our province? At a conference of heads of agricultural and animal husbandry bureaus, Shi Zicheng, head of the provincial department of agriculture and animal husbandry, spoke of the following five aspects of the subject:

I. Reversing the Stagnant Condition of Grain Production To Pull It up to a New Level

It was pointed out by the provincial committee recently that before the end of this century, three levels must be achieved in grain production in this province. This year, total production should be stabilized at 10 million tons. This is a difficult but necessary task. The ministry of agriculture must consider and arrange grain production as the core of agriculture. The production policy of "stabilizing grain acreage, increasing material investment, improving basic conditions, practicing collective management, raising the unit production level, turning over the sluggish situation, and climbing onto a new stage of advancement" formulated by the provincial committee must be seriously carried out so that the policy of the central and provincial governments of supporting grain production, and protecting and encouraging the peasants to raise grains, may be realized. As the region is about to enter the dry season and the condition of an unreasonable structural arrangement of grains exists in some areas, some crop plans are in need of adjustment to expand in a suitable way the acreage of such drought-resistant crops as millet, red creeper, and corn. Key crops and food production in the paddies should be given the primary effort. Although the condition of wheat seedlings is rather poor this year, we must not be too pessimistic. Every effort must be made to enlarge the irrigated acreage to strive for food production in paddy areas, so as to use paddies to compensate for drought.

A great deal must also be done in corn production. The technique of spot planting of spring corn in mounds and furrows should be extended to 1 million mu and the technique of plastic film mulching to 500,000 mu. Irrigated areas should adopt the technique of spot seeding in mounds to grow summer corn. Narrow and wide rows should be interspaced. Techniques of seedling cultivation and bud forcing should be adopted in fields measuring over 5 million mu. The plan for the construction of a

foundation of grain production should show some preliminary fruition. All efforts should be concentrated to invest in a group of items which will show direct results in the same year. Every job should be truly assigned to guarantee its completion. Such basic items as fertilizer, seeds, plant protection, and farm machinery should be earnestly strengthened. The work of insuring the implementation of all yield-increasing measures must be done well to promote the increase in grain yields.

## II. Strenuously Constructing Foundations for Growing Cotton, Oil, Tobacco, and Fruits

The development of these four crops is very urgent to improve the income of our province as well as the wealth of our farmers. We must strive to complete, according to the "Seven-five" Plan already formulated, 1 million mu of cotton, 5 million mu of oils (2 and 1/2 million mu of rape, 1 million mu of peanuts, and 1 and 1/2 million of other oil plants), 1 million mu of tobacco (within the "Seven-five" Period), and 1 million mu of apples. This year it is urgent to restore cotton production to reach the goal of planting 1 and 1/2 to 2 million mu with a total yield of about 1 and 1/2 million dan of cotton. Of this acreage, the two foundations of Dali and Jingyang County and the three key areas of Weinan, Hua, and Lintong Counties should have a total of 1 million mu of cotton to produce a yield of 1 million dan. For growing the two major oil plants of rape and peanuts, this year's 2.3 million mu of rape and 700,000 mu of peanuts should be managed well in order to have a bountiful harvest. The hybrid rape, Qinyou No 2, should be actively extended, in three stages from this year on, to 5,000 mu every year to reach the goal of 1 and 1/2 million mu by 1989. In tobacco production, the principle of quality first must be consistently maintained in order to gain a reputation and trust. Based upon a policy of development, the acreage should be enlarged year after year while this year's crop should reach 600,000 mu to produce a total yield of 1 and 1/2 million dan.

Wherever suitable, apples should be grown without restraint. Superior varieties should be selected to develop dense orchards while all existing orchards should be renewed and improved to raise their beneficial effect.

## III. New Breakthroughs Needed in Animal Husbandry

With respect to the development of animal husbandry in our province, the way to go is to improve the situation in Kuanzhong, to restructure it in the north, and to launch it in the south so as to start a scheme of regional animal production. The structure of the pastoral industry must be rearranged to restore the number of sheep and to stabilize the number of pigs and fowls. There should be an increase in the ratio between pastured animals and animals and fowls raised indoors, the ratio between the lean varieties and the superior varieties of pigs, and the ratio between sows and piglets should be improved to promote an overall increase in animal products. Resources of feed grass should be quickly developed to reach the goal of 1 and 1/2 million mu of seeded grasslands, 1 million mu of reconstructed grasslands, and 205,000 mu of grasslands seeded from an airplane. Combining the needs of foreign and domestic trade, the development of such varieties as Qinchuan cattle, lean pigs, dairy goats, etc. must continue and well-coordinated bases for the production of these

merchandise must be established. The work of veterinary medicine and epidemic prevention should be strengthened by establishing 150 well-equipped veterinary stations in key counties and towns to coordinate and support the 200 basic-level stations.

#### IV. Fortifying the Service System To Accelerate the Extension of Agricultural Technology

Based upon the requirements for rural economic reform and the development of a merchandise economy, a modern agricultural technology service network should be gradually formed by improving the units at the county level, revitalizing those of the township level, and completing those of the village level. In the year 1987, four "central stations" at the county level should be constructed; support should be given to build 300 township-level stations. The establishment of 300,000 "science and technology extension households with qualified conditions" suggested by the provincial government should be accomplished in the first half of the year. From one-2 third to two thirds of the science and technology staff of the science and technology departments of all the regions and counties of the province should be assigned to this frontline of service to build up basic units of scientific experimentation and demonstration so as to accelerate the extension of practical agricultural technology.

In 1987, superior crop varieties should be extended to 4 million mu, model cropping techniques of major crops should be extended to 12.27 million mu; the technique of upland cropping to 7.5 million mu; and the technique of plastic film mulching to 1.5 million mu. There are also the seven key items of reconstructing low-yield fields, the scientific techniques of fertilizer application, the comprehensive techniques of controlling crop disease, pests, weeds, and rodents, the techniques of high-yield horticulture, and the techniques of sericulture.

#### V. Exploring and Creating To Bring About Advancement and Reform in the Agricultural and Animal Husbandry Department.

Within the coming year, we should continue to learn and implement the Resolution of the 6th Plenum of 12th Central Committee of the party to uphold the four basic principles and to oppose the liberalism of the capitalist class, to advance the reform of the agricultural and animal husbandry department, to rejuvenate ideas, and to change antiquated and outmoded ways of and attitudes toward doing things. The goal of work must be switched toward the direction of serving the development of agricultural merchandise. All units of scientific research, technology, and education in the agricultural and animal husbandry enterprises must make adjustment toward this new situation of reform. Each must positively push forward its own reform to guarantee the completion of all tasks for which it is responsible.

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CSO: 4006/716

## SHANDONG ACTING GOVERNOR ON RURAL REFORM

SK132320 Jinan DAZHONG RIBAO in Chinese 26 Jun 87 pp 1, 3

["Excerpts" of speech by Jiang Chunyun, acting governor of Shandong Province, delivered at the on-the-spot meeting on rural commodity production held in Zhucheng on 24 June: "Some Issues on Deepening Our Province's Rural Reform"]

[Text] The provincial party committee and government is holding this on-the-spot meeting inn Zhucheng to ask you participants to sum up the experiences in organizing the coordinated development of the rural commodity economy with the county as a unit, and to study ways to solve the problems in the current rural reform that need to be solved urgently in line with the guidelines of central instructions so as to facilitate the sustained and stable development of the rural economy throughout the province.

Our meeting has proceeded for 2 and 1/2 days, and you participants have visited some advanced units in Zhucheng, and heard the speech of Liu Junyun, secretary of the county party committee, and some comrades of several departments introducing their experiences. Their speeches were realistic, systematic, profound, and vivid. Of course, Zhucheng has its unique situation and conditions, and its methods, of which some are experimental, may still not be perfect. However, in a situation in which reform has not been carried out in all fields in a coordinated manner, and new and old systems are operating simultaneously, what it has achieved is commendable. Through organizing the coordinated development of the commodity economy, Zhucheng has not only provided many fresh experiences in the more extensive and thoroughgoing development of the rural reform but also raised new issues worthy of further exploration.

The tasks and content of rural reform set forth by the central authorities are multifaceted, with the focus on deepening rural reform, of which the basic starting point is to emancipate the rural productive forces, and develop the rural socialist commodity economy. To implement the guidelines of the central instructions in a comprehensive manner, we should fully affirm the achievements in the rural reform of the province and discern the new situations and new problems in the current reform, and conscientiously explore the new experiences in the intensified reform compatible with the situations of our province.

1.

The rural economic structural reform of our province started in 1979 after the 3d Plenary session of the 11th party Central Committee. Beginning in 1982, the central authorities issued several important documents successively on rural reform in order to gradually deepen the reform.

Starting from a change in the organizational form and distribution methods of rural production, reform has helped eliminate egalitarianism and the "common big pot," and popularize the household output-related contract responsibility system, enabled peasants to have autonomy in operation, effectively boosted the production enthusiasm of peasants, stimulated the vigor of the rural economy, and emancipated the rural productive forces. During this period, the state also adopted a series of preferential policies on agriculture. In particular, it raised the prices of farm and sideline products to improve the comparable interests of agricultural production, and to enable peasants to gain actual benefits. Following the rapid agricultural development, in particular the large-scale increase in the production of grain crops, we readjusted anew the agricultural structure, thus achieving a substantial increase in the output of such cash crops as cotton and peanuts, and of fruits and aquatic products. By 1984, our province's grain output had reached 60.8 billion jin, with a per-capita amount of 800 jin, cotton output had reached 34.5 million dan, peanut output 36 million dan, and the per-capita income of peasants was 484 yuan, 3 times greater than in 1978. Judging from the overall situation of the province, the peasants' basic needs in food and clothing have been satisfied.

After the problems of eating and clothing were solved, the rural economy entered a new development period, resulting in the emergence of some new situations and problems. First, surplus labor has increased, and, as a result, some 1 million agricultural laborers need to be transferred each year. Second, agricultural and sideline products have increased, and the commodity raw materials provided by the forestry, animal husbandry, and aquatic products industry have also increased substantially. Third, the broad masses of peasants long to move from having adequate food and clothing to being fairly well-off, are no longer satisfied with simply selling raw commodity materials, and ask for developing the range and quality of production and expanding the new production realm. Under this situation, the central authorities in 1984 raised the principle of "never relaxing grain production and vigorously developing diversified occupations," and stressed the necessity of vigorously developing town and township enterprises. Then, at the provincial rural work conference, Comrade Liang Buting put forward the "three changes, three breakthroughs, and three adaptabilities" in light of the reality of the province and called on various localities to attach importance to developing secondary and tertiary industries in the course of developing primary industry in the countryside, and to establish a new rural economic structure in order to promote the development of the rural commodity economy. Focusing on this subject, over the past few years the provincial authorities and various localities have paid attention to formulating reform measures for solving the problems that affect the overall situation of economic development on the basis of conducting investigations and studies, thus creating good external conditions for the development of the rural commodity economy. In 1986, the

provincial agricultural commodity rate rose from 32 percent in 1978 to 57.3 percent; and the total output value of town and township enterprises amounted to 32.58 billion yuan, a 30.8 percent increase over the previous year, surpassing the total agricultural output value for the first time.

Along with the increase in the rural secondary and tertiary industries, the countryside of the province has witnessed a series of new changes and a number of new problems. At present the relatively conspicuous problems are: the comparable profit from agriculture is gradually declining from an ascending period; the differentials of profits among agriculture, industry, and commerce have widened continuously; and the increase in income from agriculture is far slower than that from running industry and commerce, thus leaving agriculture out in the old and letting it die in some localities. If this trend goes unchecked, not only will agriculture be weakened, but the rural secondary and tertiary industries, and even the development of the national economy as a whole, will also be restricted and affected due to the loss of a stable and strong agricultural base. Therefore, we should pay high attention to the regulation of profits among the primary, secondary, and tertiary industries.

Some rural areas in the province began to develop the secondary and tertiary industries in a belated manner, resulting in slow development. In these areas, most enterprises remain at the step of the household contracted management, except for a few township and village enterprises. Due to the weak force, these peasants cannot increase value through processing their rich natural resources in agriculture, animal husbandry, and forestry and cannot rapidly transfer their natural resources to economic superiority. This hinders the development of their commodity economy. The household contracted system has played a great role in developing agricultural production, and it will exist for a long time. However, merely depending on the single-layer management of the household contract system will be unsuitable for the development of the large-scale commodity economy, and many peasants urgently ask for integrating with one another to develop the multilayer management and to provide multifaceted services. The peasants also ask for solutions to the problems with regard to the management system concerning reasonable regulation of profits among agriculture, industry, and commerce. It is the unshirkable duty of leaders at all levels to learn about, understand, and meet the peasants' demands on such reforms in a timely manner. Otherwise, they will lag behind the masses and practice.

Another problem is that the service work of departments at all levels throughout the province has failed to meet the demands of commodity economic development. The first-step rural reform is one to singly promote inherent affairs of agriculture. The central tasks of the second-step rural reform are to develop the commodity economy and to set up and improve the marketing system of farm products and the service system. On the basis of singly promoting the inherent affairs of agriculture, the second-step rural reform is one coordinated to the overall development of the commodity economy. It reaches the deeper and wider fields of economic life. In the course of political and economic restructuring, all departments and fronts in both rural and urban areas are required to provide better service for the development of the commodity economy. In particular, departments often pay more attention to their own interests to the neglect of the results of the overall situation due

to the fact that barriers between departments and regions exist in the current management system. As a result, departments "sound their own bugle calls or sing songs respectively." If no changes take place in this situation, the development of the rural commodity production toward specialization and socialization will directly be obstructed, and even some newly organized productive forces possibly will be stifled.

The fundamental way for solving these new problems cropping up in the new situation is to deepen reform. Since the beginning of this year the province and all localities have done much work in line with the guidelines of the instructions of the central authorities, have taken a series of measures for solving these problems, and have scored better results. However, there are many problems in need of further solution along with the deepening of reform. Viewing the current situation, we know that we must emphatically solve the following three problems. The first is how to develop centralized and decentralized management to regulate the relationship among the interests of agricultural, industrial, and commercial departments. The second is how to regulate the relationship between various departments and between departments and regions and how to organize departments to serve the development of the rural commodity economy. The third is how to intensify and improve country-level management in order to suit the new situation of the rapid development of the rural commodity production. Practices have placed these problems before us. If these problems are timely handled, our rural reform and economic development will further be pushed forward in a solid manner.

## 2.

The implementation of the system of contracted responsibility on the household basis with payment linked to output is not the terminal point but a starting point of rural reform. Consolidating and perfecting the system, developing multilayered management, and further regulating the interests of agricultural, industrial, and commercial departments is an important task for deepening the current rural reform.

The key to regulating the interests of agricultural, industrial, and commercial departments is to solve the problems that agricultural departments obtain comparatively low profits. Viewing the current situation, we know that there are several methods that we can follow in order to solve these problems. Substantially raising the prices of farm and sideline products is a method. However, the state can not bear it, and neither can the urban residents. The economy as well as the people's psychology can not bear it. We must pass through a comparatively long process in order to readjust the prices of farm and sideline products in a step-by-step manner. For example, no change in the price of grain is out of the question, and neither is faster and greater change in grain prices. Another method is to reduce the prices of agricultural production means. This method will not work either. It is certain that with poor management level and with poor ability to assimilate imported advanced technology, some enterprises to support agricultural development will lower their enthusiasm if the prices of their products are reduced. The third method is also unrealistic since it requires the state to increase its investment in agriculture or to carry out the methods of giving price subsidies and making the retail prices of farm and sideline products

lower than the state purchasing prices. With limited financial resources, the state can not afford more money. The annual increased portion of agricultural investment can only be used to harness rivers. It is obvious that we must not concentratively rely on external conditions to solve the problems that agricultural departments obtain lower portions of profits; we should rather focus on enlightening the inherent vitality of the rural economy, fully applying the inherent mechanism of the rural economy, appropriately handling the relationship among the interests of agricultural, industrial, and commercial departments, and promoting self-regulation, self-balance, and self-development.

How can we achieve this? Through investigations and study, we have discovered that in order to solve the problem of low comparable interests in agriculture, villages where industries and service trades are developed at a certain degree all adopted the new system of de facto integrated operation of agriculture, industry, and commerce to a certain extent. Such an integrated operation means to combine agriculture, industry, and commerce into an entity, eliminate the pattern of separating the operations of agriculture, industry and commerce, exercise unified management over planting, breeding, processing and marketing, operate them in a comprehensive manner, enable them to supplement one another in terms of interests, and rationalize their distribution. In this way, village-run enterprises have had more direct and closer relationship with the interests of peasants, and the income gap among various trades caused by such factors as market prices and policies has been narrowed.

At present, the number of the villages exercising integrated operation of agriculture, industry, and commerce is still small, and their methods and forms are multifarious without a fixed pattern. The most commonly adopted method is to support agriculture with funds accumulated from industrial and sideline production, carry out farmland capital construction in a unified manner, and allow the collective to organize in a unified way the free or compensated service for the major production links, such as plowing, drainage, irrigation, plant protection, and harvesting. Another method is to proceed from the local advantage of abundant resources and to establish an economic association, with the unit engaged in processing of a certain farm and sideline product being placed in the lead, in carrying out the coordinated development of planting, breeding, processing and marketing to increase the value of farm and sideline products multiply, and then return some of the benefit resulting from the multiple increase of the value to peasants through the income distribution of the association. The other method is to regard the agriculture operating unit as an independent enterprises, establish agricultural workshops, farms, specialized teams, or contract agricultural production to large specialized households, and expand their economy to a certain scope so as to promote industry with agriculture and to maintain agriculture with industry. While carrying out the integrated operation of agriculture, industry and commerce, some economically developed towns, townships and villages, particularly those in coastal areas, are developing step by step toward the integrated operation of industry and agriculture to serve the needs of foreign trade. Focusing on the foreign exchange-earning export products, they make the production, supply, and marketing a coordinated process and organically combine and develop agriculture, industry, commerce and foreign trade in a balanced manner. Many townships and villages in

Zhucheng have adopted this method. To establish an economic structure in which agriculture serves processing industry and processing industry serves foreign trade is an inexorable trend of Shandong's commodity economic development in the future. We should make the best use of the situation and adopt measures suitable to local conditions to carry out this work in a planned and step-by-step manner.

There are many advantages in the integrated operation. The most conspicuous ones are as follows: It has protected and supported agriculture, and is conducive to strengthening agriculture, which is the foundation. In distribution, it ensures more pay for more work, acknowledging the gap in income, but does not make the gap too wide. It is conducive to the common wealth of the people. Through the overall arrangements for manpower, financial and material resources in line with the characteristics and technical requirements of different trades, and the arduousness and easiness of labor, it is conducive to the rational flow and the best combination of the major elements of production. It also helps enterprises coordinate their funds in a unified manner, make the best use of them, and increase their public accumulations gradually every year. This is conducive to the accumulation of strength for the development of agriculture and even the entire rural economy.

The integrated operation of agriculture, industry, and commerce marks a new breakthrough in rural operational methods after the household output-related contract responsibility system. It is different from the past practice of organizing people's communes in principle. Taking output-related contracts and output-related payment calculation as the basic methods, the integrated operation embodies the distribution principle of more pay for more work, which is different from the past "common pig pot" and egalitarian way of distribution. As a creation made by the masses in the course of practice, the integrated operation has emerged after the commodity rate of agricultural products improved by a fairly large margin, and therefore suits the objective needs in the development of the commodity economy. This is different from the past "premature transition" carried out in a situation in which the people's basic needs of food and clothing had yet to be satisfied and the rural areas were in a state of a natural economy. The integrated operation is carried out in a situation in which industrial and sideline production is separated from agriculture to become independent and to be gradually specialized. It marks a reorganization of the major elements of production and represents the best organization of productive forces in the present stage. This is different from the past simple labor cooperation carried out in a condition of unitary method of agricultural operation. The integrated operation enables the three levels of the masses, the collectives, and the villages to have appropriate autonomy in operation, which is different from the past practice of relying on administrative orders in carrying out production, and the old management systems of monopolized and assigned purchasing, and monopolized purchasing and guaranteed marketing.

The agriculture-industry-commerce integrated management is a form of multilayered management. We should pay high attention to exploiting the role of towns and townships, except for that of natural villages. For towns and townships, we can run some enterprises of a relatively large scale and high

grade, can organize lateral economic and technological associations on a still greater scale, and can provide services for economic and social development at the village level. Counties (cities) should delegate powers and allow flexibility to towns and townships in order to fully exploit their role in organizing and leading the economic and social activities. Thus far, integrated management embracing various towns and townships has appeared in an embryonic form in various localities of the province. A relatively universal form is to establish the intermediate economic organizations which directly serve the peasants, such as developmental service companies, buying and selling service companies, technological service companies, processing centers, and training centers. Conducting management independently and assuming responsibility for their own losses and profits, these companies and centers have played an active role in promoting socialization and expanding the scale of production by rendering paid services to economic organizations at the village level. We should encourage and support the integrated management of various towns and townships.

Leaders at all levels should pay special attention to strengthening guidance in implementing the policies concerning the agriculture-industry-commerce integrated development and the trade-industry-agriculture integrated development. In this regard, they should make the best use of their respective local situations, fully respect the wishes and creativity of the masses, and persist in guidance through typical cases. On no account should they try to locate something by following up a clue, nor should they rush headlong into mass action. The concrete methods in this regard can be diversified, rather than demanding uniformity. By no means should they change the reasonable regulation of profits among agriculture, industry and commerce to average distribution, which will dampen the initiative of enterprises and laborers.

3.

To deepen rural reform and develop the rural commodity economy, a very important thing in terms of external conditions is voluntary and good service from various departments at the upper levels. In other words, to develop the planned commodity economy, not only a systemized production system but also a systemized service system should be established. How should we achieve success in such a service system? Zhucheng's endeavor to organize the coordinated development of the commodity economy has provided us with beneficial experiences.

In organizing the coordinated development of the commodity economy, the essence is to bring the relations among various departments and regions into better balance, and to organize various departments to commonly serve the development of the commodity economy of their own regions. This is the new task raised to us by the deepening of the rural reform and the rapid development of economy. Along with the constant increase in rural labor productivity, the amount of commodities provided by the peasants has increased. To keep and develop such a good trend, and to protect the peasants' initiative in developing the commodity production, the departments at the upper levels are demanded to provide multifaceted services, such as market information, training of talents, technological guidance, buying and

selling of products, storage and transportation, supply of goods and materials, and guarantees for fund supply in order to solve the problems for every household, village, town, township, or department. This is completely different from the past situation in developing the product economy. If leaders at all levels and various economic management departments fail to notice this situation, various kinds of service work will lag behind demand, various economic activities will fall into a passive position, and the peasants' enthusiasm will be dampened. We should avoid blind production and the situation of being difficult in buying and selling commodities in order to ensure the planned, sustained, steady and coordinated development of the rural economy. It is a successful experience to organize the coordinated development of the commodity economy and to make overall arrangements for service to the department at all levels and in all localities. Various county party committees and governments should shoulder special duties to serve as the organizer and commander of the coordinated development of the commodity economy. The reason why some localities are unable to or do a poor job in organizing the coordinated development is that the leaders there have commanded the work in a poor manner.

Practice has shown that through coordinated development, clashes between various departments were created due to the distribution of profits. If this problem can not be well handled, the departments will certainly lower their enthusiasm and the overall results of the coordinated development of the commodity economy will be affected. Agricultural, industrial, and commercial departments at the village level must mutually supplement their benefits, while all departments and all trades and professions at the county level should undertake coordinated development on a mutually beneficial basis. It is wrong to merely lay emphasis on the benefits of the departments. Similarly, we will get nowhere if we do not take into consideration the interests of the departments. Why are Zhucheng's practices commendable? Because the county has proceeded from the overall economic situation and has applied economic means to readjust the relations between the interests of various fields. While stressing the interests of the whole, the county has paid attention to applying such economic levers as credits and tax revenue to regulate clashes that would possibly be created in the distribution of profits. Instead of simply applying administrative means, or carrying out the practices of taking from those who have too much and giving to those who have too little and the practices of giving allowance to some only and forcing some not to participate, the county has tried to find ways to regulate the interests of all fields. All counties (cities) throughout the province, no matter how good or poor their economic foundations or no matter how fast their economic development is, should fully understand the importance, necessity, and urgency of the work to guide the overall development of the commodity economy, and should continue to enhance their capacity to assume overall responsibility for the overall economic situation. We should regard the rural economy as a whole to make an overall arrangement for its development. Agricultural, industrial, scientific and technological, commercial, supply and marketing, foreign trade, grain, supply, banking, tax, and communications departments should be organized to respectively bring their advantages into full play and to make concerted efforts to make due contributions to promoting the development of the rural commodity economy.

We should do a good job in conducting coordinated development. As members participate in the coordinated development, all departments should obey the unified command of the county. The experiences gained by various departments in Zhucheng enabled us to preliminarily have clear ideas and unified understanding of the coordinated development of the rural commodity economy. What they have said are quoted as follows: "We develop ourselves when agriculture is well developed. We should share prosperity and failure with the peasants." "Regions should play a role superior to that of the departments in developing commodity production. Just like the army, navy, and air force must obey the army's command when they jointly went into battle in the past." These departments have regarded the peasant as natural targets for service and the work of serving the peasants and the local economic development as their sacred duty. With such a guiding ideology, the county has tried by every possible means to develop the economy and make the peasants rich, and has made its work to serve not only departmental and immediate interests but also overall and long-term social benefit. By so doing financial resources and sources of goods have been built up, the state and the people can gain benefits, and the departments can widen their fields of business. This forms a sharp contrast to the practices of eagerness for quick success and instant benefit by "killing the hens to get the eggs" and "draining the pond to get all the fish." The practices of these departments have also set forth such a question: that is, all departments should be willing to play a supporting role in developing the commodity economy and should do a good job in "conducting their local operas." The county party committee and government have functions for assuming overall responsibility for the county's whole situation while departments in charge of professional work have their own tasks and duties. However, all should work to serve all people of the county and the development of local commodity economy. Fundamentally speaking, being submitted to the unified guidance of the county is not in contradiction with the management of departments. Rendering good service under the unified guidance of the county is a good method to implement the instructions of the departments. If the departments only mechanically copy the instructions of the higher levels not in line with local actual conditions, lack the spirit of rendering service, initiating positively undertaking cooperation, or ignore the unified arrangement of the county, they will not be able to "conduct their local operas well" or to do a good job in implementing the instructions made by the higher-level departments in charge of professional work. As has been proven in practice, participation in the coordinated development of the commodity economy is the best way for various departments to render good service and to expand and strengthen themselves in the new situation. Through coordinated development, the party and the government can also play their role as a bridge maintaining close ties with the masses, which not only has economic significance but also political significance. A department will lose the foundation on which it relies to exist and develop if it does not take the initiative in placing itself amid the coordinated development of commodity production, play its due role in its own post, and establish the widest and inseparable ties with the vast rural areas and thousands upon thousands of peasants. Therefore, departments at all levels throughout the province should have more initiative in taking the overall situation into account, and in properly handling their relations with the overall situation, and strive to serve well the development of the commodity economy by proceeding from the reality of their own departments.

They should learn from Zhucheng's methods, which are of universal significance, actively support and participate in the coordinated development of the commodity economy, and make a success of it.

4.

At present, the key to whether the rural economy and rural reform can be further enlivened and be made successful lies in strengthening county-level management and granting counties the autonomy in making overall arrangements in line with local conditions.

With regard to the issue of strengthening county-level management, the provincial party committee and government are preparing to issue a document on opinions for trial implementation after conducting investigations and study. Before the state makes larger-scale arrangements for the political structural reform, we can only work out some interim stipulations, and it is impossible to involve ourselves deeper in the reform. Judged from the overall situation, we should separate the management of people from the management of things, nor should we allow one department to manage both. The management of people and the management of things should be consistent. Therefore, we should formulate more flexible stipulations in line with different situations on the management of cadres, labor, finances, taxes and price. Some of them may be focused on departments, and others on regions. Powers that should and can be delegated to lower levels should be delegated, and those that should but cannot be delegated for the time being should not be delegated. In this way, county party committees and governments will have more decisionmaking powers in doing their work and will be able to promote the professional work of various departments.

We should note that the gradual deepening of reform has expanded the county-level powers in certain areas to a certain extent over the past few years, and has provided some favorable conditions for the development of the rural economy and other undertakings. Judging from the overall situation, however, counties still lack adequate autonomy and still cannot solve the problems in the grassroots reform and economic development that need the service and coordination of higher levels. Counties (cities) shoulder the heavy responsibility for developing and managing the economy of their entire administrative areas, but lack the power to exercise control and regulation by means of such economic levers as credit and taxes, the power to establish organs in line with actual needs, and to manage the cadres, staff members and workers of related vertical professional departments, the power for independent policymaking, and the power to make overall arrangements for manpower, financial and material resources, and to make rapid and flexible reaction to market information. This cannot but hinder the full performance of the functions of counties (cities). Of course, the problems are complicated and multifarious. In particular, because reform has not been carried out in all fields in a coordinated manner, frictions between the new and old systems and their operating mechanisms are unavoidable. At present, we should try our best to put forward some opinions for trial implementation to ease these contradictions.

Why should we strengthen the county leadership? This is decided by the position of the country leadership and by the urgent need of the development of the current rural commodity economy. The county (city) level is not only the social entity with political, economic and cultural functions, but also the basic unit to exercise administrative, judicial, financial and political, cultural and educational, and civil affairs powers. In line with our country's leading system, counties (cities) are a very important layer because they play the important role of forming a connecting link between the higher and lower levels, between the urban and the rural areas, and between different departments and different regions. Whether or not the work at the county level is filled with vitality has an important bearing on the building of the socialist material and spiritual civilization as a whole. By strengthening county-level management and giving full play to the due role of counties, we can not only create the necessary conditions for a reasonable readjustment of the powers and interests structure and for bringing the relations between different departments and different regions into balance but also instill great vitality into the deepening of the rural reform and open up a wide road for the vigorous development of the rural and urban commodity economy.

With regard to the instructions and policymaking of the central authorities, all the provincial, city, prefectoral and county authorities are faced with the question of how to implement these instructions and policymaking in line with their practical situation. In doing the work, we should frequently concentrate on this question, because the major principles and overall disposition defined by the central authorities are aimed at solving problems of a common nature and are oriented towards the whole country. Even within a province, natural and social conditions vary from place to place. In our Shandong Province, conditions are different in the eastern, western, southern and northern regions, in the urban and rural areas, and in the coastal and inland areas. It is impossible for the provincial authorities to formulate concrete regulations suitable for each and every city, prefecture or county. Therefore, the duty of working out details of the regulation should be shouldered by the county level. The level of county (city) is the forward command post for the party and the state to lead the people build the two civilizations, because it directly faces the grassroots areas. To implement the central authorities' line, principles, and policies at various grassroots areas, we must solve problems at the county level. It means that we should have the policymaking power to handle our affairs. If a county (city) takes no initiative in handling affairs realistically, fails to play the role of making overall arrangements and coordination, and copies and relays word by word the instructions of the central authorities and higher authorities, it seems that the county abides by discipline very much; but, in fact, it is irresponsible and it is very easy to commit mistakes.

Of course, by strengthening county-level management, we never mean indulging in dividing up the powers between the central or higher levels and the grassroots levels, nor do we mean merely strengthening the administrative power of the county party committees and governments. What we mean is to strengthen the administrative function of the level of county as a whole, including all departments directly under the jurisdiction of counties. The level of county (city) constitutes the combined part of the urban and rural areas, as well as the linking point between the macro- and micro-economy.

Whether or not we can control macroeconomic development and allow flexibility in microeconomic development, the key lies in the fact that whether or not the level of county has the necessary autonomy in exercising macro-control and allowing micro-flexibility. There are no differences in macro-control and micro-flexibility because they are both aimed at promoting the sustained and stable development of economy. In implementing the central authorities' major policies concerning macroeconomic development, each level has its own duties. But, the affairs of a county should, in the final analysis, be specifically handled by the county itself. If all counties in the province can truly implement the major policies concerning macroeconomic development, the entire macro-guidance will be implemented specifically, macro-management will be strengthened, and, at the same time, each microeconomic section will be vitalized. Therefore, under the macro-control of the central authorities, centralized management is better than centralized management.

In terms of external conditions, the most important thing in strengthening county-level management power is that party and government leaders and professional departments at higher levels should further unify their understanding, truly understand the important position that counties (cities) occupy in the entire leadership system, clarify the important role of strengthening county-level management in making a success of the work of various fronts and departments, and then foster the idea of trusting, showing concern for, supporting and relying on counties (cities) to carry out various work successfully, and turn the strengthening of county-level management into a voluntary act of the people. In this way, the phenomenon in which all departments act their own way, pass the buck to each other, and offset each other's efforts in doing work will not emerge.

In terms of internal conditions, the most important thing in strengthening county-level management power is to improve the counties themselves and upgrade the quality of their cadres, in particular leading cadres. If the ideological, political and professional competence of cadres is poor, they cannot perform their due functions and properly exercise their decisionmaking and management powers, however great they may be. Therefore, we should attach particular importance to improving the ideology and workstyles of county (city) cadres at various levels. At the national conference to summarize party rectification, Comrade Zhao Ziyang explicitly pointed out that the basic tasks and guiding ideology for the future party building are the guarantee for the implementation of the line adopted at the third plenary session. With regard to the two basic points of the party's line adopted since the third plenary session, we should correctly and comprehensively understand them, clarify their dialectical relationship, and should never understand the four cardinal principles with an ossified viewpoint and judge reform, opening to the outside world, and enlivening the economy with a viewpoint of liberalization. We should often arm leading cadres at various levels and all party members with the party's line, continuously enhance their awareness in implementing the party's principles and policies, enable them to acquire a stronger sense of adhering to principles in work, foresight, a scientific approach, and effectiveness, and increase their ability for controlling the overall situation of economic development, and continuously braving the way forward. Achieving progress in this work, an issue of fundamental importance, we will achieve a new improvement in our work. At the same time, we should

pay attention to maintaining relative stability in the contingents of cadres. A rational flow of cadres is necessary, but the cycle for large-scale transfer should not be too short, and the areas involved should not be too many. Otherwise, the morale of cadres will be unstable, and the development of our causes will be affected. Every county (city) should use the science of systems engineering to work out an overall plan for development, and refrain from changing its plan whenever a new person assumes the leading post so as to maintain consistency in work. From now on, in assessing, selecting, and promoting cadres we should uphold the "four requirements" and regard their achievements, major or minor, as an important criterion. We should also attach importance to arousing the enthusiasm of old, middle-aged and young cadres. It is realistic for some backbone leading cadres, who are somewhat older but who have actual work experiences and are still in good health, to assume the posts with real powers continuously. Even though they have stepped down from leading posts, we should enable them to play their role continuously. Some localities experiment with the measure of establishing economic work, and ideological and political work consulting organizations under party committees and governments, and encourage some comrades stepping down from the first line to take part in them to conduct special investigations and serve as advisers to party committees and governments. Without increasing the size of staff or establishing new work organs, they continue to put the study and life of these comrades under the management of the departments where they belong and achieve fairly good results in this. This is a method with which various aspects feel more satisfied. However, we do not mean that every locality should follow this method. Our purpose is to fully arouse the initiative of the cadres at all levels through various measures.

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## SOYBEAN CULTIVATION IN YUNNAN

Kunming YUNNAN NONGYE KEJI [YUNNAN AGRICULTURAL SCIENCE AND TECHNOLOGY] in Chinese No 1, 25 Jan 87

[Article by Liu Zhenxu [0491 6966 4872], Wang Yulan [3769 3768 5695] and Wang Tiejun [3769 6993 6511], Grain Crop Institute, Yunnan Provincial Academy of Agricultural Sciences"]

[Abstract] This situation report on soybean growing research in Yunnan Province provides data obtained to date on the growing period, growth characteristics, and traits such as relative fat and protein content, light sensitivity, grain shape, grain size and grain color of varieties introduced into Yunnan from elsewhere in China and from the United States. It concludes by naming some varieties that show special promise for the breeding of varieties that are drought resistant and that possess other desirable traits such as high protein content, numerous pods, and large numbers of beans in each pod. Some promising strains are already in the fourth generation of breeding while the basic task of gathering local varieties from many areas has not yet begun.

One American variety tested was found satisfactory for growing in Yunnan Province in terms of early ripening, resistance to disease and plant shape, but most of the approximately 20 American varieties tested showed a tendency toward "year by year regression in economic performance." They are to be used in breeding for their value in providing disease resistance.

The article contains three tables, one showing the growing season in Kunming for various soybean varieties introduced from elsewhere in China, another showing the geographic distribution of different types of soybeans, and yet another comparing the protein and fat content of soybeans being grown in Yunnan Province that originated in other parts of China and in the United States.

9432/12859  
CSO: 4011/0043

APPLICATION OF ENZYME-LINKED IMMUNOSORBENT ASSAY (ELISA) FOR DETECTION OF  
POTATO LEAFROLL VIRUS (PLRV)

Harbin DONGBEI NONGXUEYUAN XUEBAO [JOURNAL OF NORTHEAST AGRICULTURAL COLLEGE]  
in Chinese No 2, Jun 87 p 97

[English abstract of article by Wang Renyuan [3769 0086 0037], et al., of the  
Plant Pathology Teaching and Research Group]

[Text] PLRV was detected in potato leaves and tubers successfully by ELISA with end dilution points of 1/128 and 1/61 respectively. The virus concentrations of top leaves and bottom leaves may be different from each other, and varied irregularly. PLRV induced various symptoms, including curling of bottom leaves or top leaves. Some symptomless plants also carried PLRV. In addition, some plants with curled leaves were not infected with PLRV, but the curling was caused by other unknown reasons. The infection rate of parent materials of breeding stock in the authors' college plot is 34.21 percent. PLRV has been detected in the main commercial cultivars in Heilongjiang Province.

9717

CSO: 4011/0045

## ON EFFORTS TO DEVELOP BLAST-RESISTANT RICE VARIETIES

Kunming YUNNAN NONGYE KEJI [YUNNAN AGRICULTURAL SCIENCE AND TECHNOLOGY] in Chinese No 3, 25 May 87 pp 6-8

[Article by Wang Yonghua [3769 3057 5478], Plant Protection Institute, Yunnan Provincial Academy of Agricultural Sciences: "Discussion of Blast Resistant Strains of Paddy in Yunnan Province"]

[Abstract] The severe damage done each year to rice yields caused by blast of rice in Yunnan Province has spurred efforts to breed varieties that are blast resistant while also producing bumper yields of quality rice. This task is a particularly large one for Yunnan Province where both japonica and indica rice are commonly grown in widely varying climatic and soil conditions.

Since 1976, more than 10,000 different varieties of rice from elsewhere in China and from Japan have been examined as part of the effort to find blast resistant varieties suited to soil and climatic conditions in Yunnan. A number of blast-resistant upland japonica varieties have been found, but problems of a long growing period, or the need for multiple crossings or backcrossing to produce hybrids has prevented development of hybrids from them. Some Japanese rice varieties show earlier promise.

Current efforts are being focused on the matching of blast resistance of rice varieties to the gene types of pathogenic bacteria strains in individual areas since it is known that the bacteria causing blast may be of different genetic types. Work in this regard got underway late in Yunnan, but is now proceeding rapidly, and the author hopes to see rice strains produced within 23 years that will be both blast-resistant and produce bumper yields.

9432/12859  
CSO: 4011/0041

PROCEDURE FOR RAPID DIAGNOSIS OF BOVINE ANTHRAX

Beijing ZHONGGUO SHOUYI ZAZHI [CHINESE JOURNAL OF VETERINARY MEDICINE], No 12,  
22 Dec 86 p 24

[Article by: Wan Manna [3769 2581 1226], Li Chungen [2621 2504 2704], and Wei  
Jingzhang [7614 2417 4545]: "Quick Diagnosis of Anthrax in Cattle"]

[Abstract] This article explains a procedure whereby anthrax may be successfully diagnosed within 24 hours in the absence of clinical symptoms. The test described used a small bit of an ox's ear. Ascoli reactions from a broth culture and from an extract prepared from bacteria taken from the ox's ear that had been killed with high pressure both tested positive, confirming the diagnosis. The simplicity of the diagnostic method suits it to use by quarantine units and county level diagnostic laboratories.

9432/12859  
CSO: 4011/0038

## BRIEFS

ANHUI AQUATIC OUTPUT--All areas of Anhui Province so far this year have actively expanded aquatics breeding water surface area and have developed production of various aquatic products. According to statistics of the provincial aquatic products department, aquatics breeding water surface area amounted to 4.03 million mu provincewide by the end of March, which was a 53.2-percent increase over the same period last year. In addition, the waters were stocked with 750 million fingerlings, a 97.4-percent increase, and more than 110,000 kg of young crabs were put in suitable places to grow, which is a more than twofold increase over the same period last year. In order to increase the economic results of the aquatic products industry, there has been a great upsurge in all areas throughout the province in raising crabs, growing fish in fenced off enclosures and purse seines, and constructing continuous-track quality fish-rearing ponds. Crab-raising water area this year amounted to more than 800,000 mu provincewide, 6,977 mu of which is ponds. Water area devoted to raising fish in fenced off enclosures amounts to 720 mu; purse seines, 4.137 mu; net pens, 63,000 mu. These are increases over the same period last year of 69, 102, 53.6 percent, respectively. In addition, 33,040 mu of interconnecting fish-finishing ponds were newly constructed throughout the province, which is a 162-percent increase over last year, and 170,000 mu of ponds in the rural areas have been remade, which is 85 percent of this year's planned quota. [Text] ["Substantial Development of Anhui's Province Aquatic Products Industry in First Quarter"] [Hefei ANHUI RIHAO in Chinese 5 May 87 p 2] 12513/13104

IMPROVED AGRICULTURE--Chengdu, 28 July (XINHUA)--Technology has helped China yield an additional 6.08 billion yuan in the output value of agriculture, animal husbandry and poultry farming since 1985, XINHUA has learned. The country has been implementing 5 major items and 12 sub-items listed in the state key technological development program (1985-1987) for the agricultural sector, according to proceedings of a recent meeting on agricultural technological development reaching XINHUA today. Fine crop varieties and improved farming techniques were used on 41.5 million hectares of farmland, and fast-growing trees and trees of improved varieties were planted on 128,000 hectares, the meeting reported. In addition, serial techniques of fodder processing machinery and preservative techniques for fruits and vegetables were broadly applied. The plastic sheet technique is now used on 3.4 million hectares of farmland throughout the country, applied to over 40 kinds of crops; this has resulted in an increase of 7.03 million tons of grain, cotton, peanut, vegetables and fruit. [Text] [Beijing XINHUA in English 0644 GMT 28 Jul 87] /12913

GUANGXI, JINAN TIGHTEN PUBLICATIONS CONTROL

OW241641 Beijing Domestic Service in Mandarin 0930 GMT 22 Jul 87

[Text] According to a report by XINHUA reporter Yang Yue, some vulgar tabloids and magazines, which were once popular in certain localities of Guangxi, have now lost their market as a result of intensive control measures taken by the party committee and the departments concerned of this autonomous region. Previously a mess, the condition of the market for books and other publications has shown remarkable improvement.

Last May, the provincial [as heard] propaganda department, publications administration, public security department, light industrial department, and three other departments jointly formulated some regulations for further strengthening control over the printing of books, papers, and periodicals and asked all printing shops not to print illegal publications. Now, many printing shops that can meet the required qualifications and want to do printing work for papers and periodicals have applied one after another to relevant publications administrative departments for examination. Those found qualified through examination by the publications administrative departments have been given registration forms to fill out.

The printing shop of YOUJIANG RIBAO failed to comply with the regulations. After receiving the notice from the provincial [as heard] department concerned, it continued to print a literary and art periodical that had not been approved for publication. This printing shop was ordered to stop the printing work immediately, and instruction was given to have all the printing plates and paper molds destroyed right away. At the same time, related leaders were urged to conduct inspections in this regard.

Another report by our station reporter Wu Xiaomin says that Jinan City in Shandong Province has achieved remarkable results in taking effective measures to deal with illegal publications. Up to now, over 30 kinds of illegal publications, totalling some 200,000 books, have been discovered through investigation. Five printing shops, one publishing house, one periodical office, and seven individuals engaged in publishing illegal publications have been given separate punishments, including confiscation of all illegal publications and all illegal revenues, fine, and withdrawal of business licenses.

/9716  
CSO: 4005/0897

GUANGMING RIBAO ON PROHIBITING ILLEGAL PUBLICATIONS

HK260720 Beijing GUANGMING RIBAO in Chinese 13 Jul 87 p 1

[Report by reporter Liang Jie (4731 2212): "Some Teachers in Beijing Urge Strict Prohibition of Sale of Illegal Publications on Bookstands"]

[Text] Some instructors and teachers in charge of ideological and political work at Beijing middle schools urged the strict prohibition of the sale of illegal publications on bookstands at a recent forum held by the State Administration of News and Publications. In one accord, the participants of the forum held that those illegal publications that run counter to the building of socialist spiritual civilization are poisoning the souls of teenagers and greatly injuring their healthy growth; therefore, they must be banned.

Some veteran teachers participating in the forum said that schools have taken a firm grasp of education in ideology and moral character, achieved marked accomplishments, and taken great pains to work on changing ideologically backward pupils in particular. However, sometimes a few rotten books have lead pupils astray. A teacher from the No. 209 Middle School said that some individual pupils at their school indulge themselves in reading martial arts novels, finding class rather dull. Although teachers confiscate whatever bad books they find in pupils' hands at school, they can be easily replaced at the bookstands. If this situation continues, there will be no way to take these bad books out of circulation. A teacher from the Beijing No. 72 Middle School said that a pupil from that school had devoted so much of his time to reading bad books that he had failed all 6 courses in the final examinations, with a total score of 100 out of 600. The teachers said that middle school pupils are developing both physically and mentally and are very curious. Should they come into contact with a large number of unhealthy books that are dirty and of low taste, problems are bound to crop up among them.

Dong Bolin of the Political Education Section under the Beijing Municipal Education Bureau told participants of the forum that the average age of juvenile delinquents is decreasing at present, but that they are showing an adult capacity for crime. Many juvenile delinquents have committed crimes by following the plots of some books. Studies of the cases of children we found in homes for juvenile delinquents and reform schools have shown that many of them took to crime after reading rotten books.

The teachers participating in the forum said that it is necessary to adopt powerful measures to halt the publication and circulation of bad books and to crack down on illegal publications based on the law and decrees of the state; those that should be fined or given severe punishment should receive them. It is hoped that all social circles will actively cooperate and deal with the matter in a comprehensive way.

At the forum, Liu Gao, deputy director of the State Administration of News and Publications gave a briefing on recent developments in consolidating the press and banning illegal publications.

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CSO: 4005/0897

CIRCULAR BANS BAD BOOKS IN MIDDLE, PRIMARY SCHOOLS

OW281035 Beijing XINHUA Domestic Service in Chinese 0649 GMT 27 Jul 87

[Text] Beijing, 27 Jul (XINHUA)--The State Education Commission recently issued a circular strictly banning the circulation of books and magazines that propagate murder, pornography, or superstition in middle and primary schools.

The circular says that currently many books and magazines propagating murder, pornography, or superstition are circulating in society. Influenced by the obscene, decadent, absurd, and bizarre stories spread by these publications, some middle and primary school students have become listless and undisciplined and neglected their studies. The average age of juvenile delinquents has gone down while the crimes they commit have become more and more serious. A major cause of this bad tendency is the proliferation of bad books and magazines. The situation merits our serious attention, and measures must be taken to deal with the problem.

The circular prescribes the following measures:

1. Under the leadership of the party committee and government, the various provincial, autonomous regional, and municipal education commissions or departments (bureaus) should organize the local education departments and schools to rid the schools of all books and magazines (including handwritten copies) that propagate murder, pornography, or superstition among students.

The circular stresses that while this work is being carried out, persistent efforts in education by positive examples should be stressed rather than using simplistic ways or brutal force. The schools should integrate this work with meticulous ideological and political education as well as education in morality and the legal system.

2. Currently there are also books and magazines which, although they do not spread murder, pornography, or superstition, are not suitable for middle and primary school students to read. Different measures should be worked out to deal with these books and magazines according to their different nature.

3. While checking and banning bad books that spread murder, pornography, or superstition, the local education departments and schools should also

promptly report to the people's governments at and above the county level if activities of printing, reproducing, or selling illegal publications are discovered. The people's government should then strictly handle each case according to state regulations.

4. Education departments at all levels and the various schools should strengthen their leadership in organizing extracurricular reading and other such activities to enrich the middle and primary school students' spiritual life. The schools must also strengthen their guidance over the students' extracurricular reading activities. The provincial, autonomous regional, and municipal education departments may prepare booklists for students of different classes and recommend outstanding reading material to them. The schools should regard guiding the students' extracurricular reading activities as an important part of ideological education.

5. The above tasks need the support and cooperation of parents and society. Therefore, the various local education departments must take the initiative to explain the importance of banning books and magazines that spread murder, pornography, or superstition among middle and primary school students to the various social circles. The schools must make the parents realize the serious effect that bad books may have on their children, ask the parents to be concerned about and pay attention to what their children read and what kind of books they like, and cooperate with the schools in a joint effort to teach their children to read only good books and not bad books.

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CSO: 4005/0897

YANG DEZHI INTRODUCES BOOK ON LAOSHAN

HK290618 Beijing RENMIN RIBAO in Chinese 16 Jul 87 p 4

[Article by Yang Dezhi (2799 1779 1807): "A Paean to Youth -- Written for the Book 'Reports Amid the Smoke of Gunpowder'"]

[Text] Editor's note: The Renmin Ribao Publishing House will soon publish a new book, "Reports Amid the Smoke of Gunpowder," which describes how PLA fighters fought bloody battles in order to defend the sacred territory of the motherland. The book, which runs to 250,000 words, contains more than 60 news stories, features, and reports. With ardent feeling and a vivid style of writing, these articles present to the reader one picture after another depicting the unforgettable battles in Laoshan, and conveys to him one moving and heroic image after another. The book tugs at the reader's heartstrings, and moves him to tears. Here we publish an introduction to the book written by the PLA General Chief of Staff Yang Dezhi. [end editor's note]

It is a lovely song, a deeply felt poem, a bouquet of beautiful flowers, and a burning fire. This is the impression which the book "Reports Amid the Smoke of Gunpowder" has left with me.

During the war years, our army produced the long novel "A Single Spark Can Start a Prairie Fire." During the period of resisting U.S. aggression and aiding Korea, the Chinese people's volunteers composed "One Day of the Volunteers" with their lives and blood. Today, in the 1980's, when people are thinking about what to write, the book "Reports Amid the Smoke of Gunpowder," which describes how our contemporary soldiers fight to defend the sacred land of the motherland, Laoshan, is timely put before us. This is a paean to youth. As a veteran fighter, I feel particularly happy at the publication of the book. On the bookshelf of our Army, there will be one more new book demonstrating the style of our fighters, and singing the praises of their character. The book is also vivid teaching material for conducting education in patriotism and in glorious tradition.

Laoshan is a very small place which is difficult to find on the map. Today, it has arrested the attention of the people throughout the country, and even many people in the world. When the word "Laoshan" is mentioned, admiration wells up in people's hearts. They admire Laoshan, because there

are groups of people in Laoshan who are in their prime and fighting bravely for the motherland. It is they who strike up a soul-stirring tune of our times: "Although I have lost my life, I have brought happiness to one billion people," and "everything happening in my motherland is linked with my heart, and I pledge selfless devotion to the people." What a most powerful tune of our times, which amazes and moves numerous people in the rear. With their dauntless heroism, the fighters of Laoshan build the southern boundary of the motherland with their flesh and blood. "A soldier represents a mountain peak, and a company a great wall." With their loyalty and deeds, the fighters of Laoshan give convincing answers to questions arising in a discussion on the significance and value of life. They say: "It is only when youth and life are integrated with the interests of the motherland that they are of real significance and value." What is that? It is the spirit of Laoshan. It is precisely this spirit which makes communist party members worthy of the name. It is precisely this spirit which consolidates people's belief in communism. It is precisely this spirit which makes those who take a wrong step in life muster their courage to turn a new leaf, and which encourages the weak to become incomparably brave...

Laoshan deserves to be called a mountain of heroes, a mountain of truth, and a mountain in people's hearts.

Laoshan, a small mountain peak, is now equally as famous as the three hills and five high mountains. The spirit and style demonstrated by the people in the flames of war are precisely the spirit of our Army and country. It is where the hope for our nation's invigoration and our country's prosperity lie. If we say that in the past our revolutionary boat raised her sail for a long voyage by relying on this spirit, we should likewise rely on this spirit to sail to the farther shore of victory. It is precisely because of this that our people admire Laoshan, ardently love and esteem the fighters of Laoshan, and call them "the most lovely persons of a new generation."

We praise and glorify Laoshan in order that the spirit of Laoshan of "placing the interests of the motherland over and above everything, and being willing to sacrifice anything for the sake of the motherland," which is nurtured by the blood and life of Laoshan fighters, will be carried forward. We intend to let more people know and apprehend it, just like the Long March of the Red Army and the battle of Shanggan Ling of the volunteers, so that it will become valuable spiritual wealth of the entire Army, and of the people throughout the country. The Renmin Ribao Publishing House will publish a book which contains more than 60 reports and articles on the heroic deeds of Laoshan fighters published since 1984. This is a matter of great significance. The broad masses of readers, young friends in particular, will express their gratitude. In the past, we published several kinds of books on this subject. Now, a new book with rich content, which covers a longer period of time, will come out. By publishing this book, we cherish the memory of those heroes who have fallen. It is also an encouragement for those heroes who are still alive. To the broad masses of readers, there is no doubt that the stories contained in the book can be regarded as a standard by which they can measure themselves. The book will inspire people to fight for their better

tomorrow, to study, to live, and to strive for the realization of the great cause of socialist modernization!

The spirit of Laoshan will shine for ever!

The spirit of Laoshan will be handed down from generation to generation!

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CSO: 4005/0897

BRIEFS

CLARITY OF ILLEGAL PUBLICATIONS URGED--Beijing, July 24 (XINHUA)--A clear line should be drawn between legal publications and illegal ones in the current nationwide drive to crack down on harmful publications. This comment was made here today at a news conference given by Du Daozheng, head of the State Media and Publications Office. The campaign will mainly focus on eliminating illegal publications extolling themes such as murder, pornography and trends going against the communist party, the people and socialism, Du said. A recent survey in a province shows that 40 out of 100 juvenile delinquents are victims of those pornographic books. The news conference was jointly held by the office, the Ministry of Radio, Film and Television, the State Industrial and Commercial Bureau, and the Ministry of Public Security. [Text] [Beijing XINHUA in English 1432 GMT 24 Jul 87 OW]

PORNOGRAPHY CIRCULAR ISSUED--Beijing, July 27 (XINHUA)--The State Education Commission has urged primary and middle school authorities to take effective measures to stop students from reading books and periodicals devoted to themes of murder, pornography and superstition. In a circular issued recently, the State Education Commission said that the reading of such harmful books and periodicals has had a harmful effect on the discipline and study habits of students. While strengthening ideological work in schools, education departments and school authorities should make sure that no such books and periodicals are read by students. Illegal publications should be reported to government authorities and handled in accordance with the state rules concerned, the circular said. In the circular, the State Education Commission demanded that all education departments and schools offer guidance for students' reading after school and recommend good books to them. The circular also called for joint efforts from the students' parents to stop them reading harmful books and periodicals. [Text] [Beijing XINHUA in English 1419 GMT 27 Jul 87 OW]

ULANHU WRITES INSCRIPTION FOR MAGAZINE--On the occasion of the joyful days of celebrating the 40th founding anniversary of the autonomous region, with the approval of the State Council, the Mongolian edition of MINZU TUANJIE ZAZHI [National Unity Magazine] was formally published and put on sale in Beijing on 12 July. Ulanhu, vice president of the state, wrote an inscription to mark the publication of the Mongolian edition of MINZU TUANJIE ZAZHI: "Do a good job in running the minority language edition of MINZU TUANJIE ZAZHI and make it a bosom friend of the people of all nationalities." [Text] [Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 27 Jul 87 SK]

MILITARY, PUBLIC SECURITY

CONCEPT OF NATIONAL SECURITY, INTERESTS, PRIORITIES

HK281440 Beijing JIEFANGJUN BAO in Chinese 17 Jul 87 p 3

[Article by Zeng Guangjun (2582 0342 6511): "The National Defense Concept and the Army's Historical Responsibility in the New Period"]

[Text] The question of how to approach the status, mission, and function of national defense is, in the last analysis, one of national defense concept.

The question of fostering whatever kind of national defense concept and whether or not one has strong national defense consciousness are undoubtedly extremely important to a soldier and an army.

Now that war is contained by the force of peace and many other factors, and that our country is in a period of concentrating its forces on economic development, is the modernization of the army still so important? Is the improvement of the army's combat quality so urgent? To explore these questions, we cannot but touch on the national defense concept.

It Is Necessary To Smash the Fetters of a Narrow National Defense Concept

National defense, as the term suggests, means matters pertaining to the defense of a state.

In all countries, the mission and general objective of national defense is to ensure state security.

The antithesis of security is threat. The interest, objective, and policy of national security are significant only when they are taken into account in relation to various threats at home and abroad.

A country does not face only one principal threat in different periods and the threat does not always come from the same opponent.

In the early 1950's the greatest threat to our national security was the U.S. intrusion into Korea and its support for Taiwan's Chiang Kai-shek's attempt to launch a counterattack against the mainland. This formed a pincer attack from the south and the north to strangle New China. In this period, the threat of war was inevitable. Naturally, there was also an economic threat. John Foster Dulles wanted to bottle us up with the policy of blockade.

After the break in Sino-Soviet relations, the Soviet Union stationed a million troops on our borders. This also posed a serious threat to our country at that time.

Moreover, in the 1950's and 60's, there were also counterattacks in self-defense on the Sino-Indian border, the operations to smash Chiang Kai-shek's armed harassment and raids into the mainland, the shelling of Jinmen which lasted for many years, and the suppression of the rebellion staged by the reactionary upper-class elements in Xizang.

In short, in the dozen or so years after the founding of the PRC, the main threats to China's security were military actions of various natures, or large and small wars. At that time, the status of national defense and the army was very high in people's minds.

However, it was precisely for this historical reason, plus the previous one-sided practice of using combat readiness to arouse people's national defense concept, such as the slogan of "using the concept of war preparedness to observe, inspect, and practice everything," that accounted for the misunderstanding among some people, who thought that national defense meant military affairs, and that military affairs meant fighting; that national defense is important when there is the threat of war, and that national defense does not seem so important when the threat of war is not large.

This narrow concept of national defense is unfavorable not only to giving full play to all the functions of national defense, but also to national defense and army building. At present, particularly in line with Chairman Deng's thought, the military commission has decided to take advantage of the golden opportunity that the international situation has relatively eased, and that major wars will probably not break out in the near future, to promptly adjust its strategy, straighten out relations, and conduct the necessary reforms with an eye to the future so that the combat quality of our army can be raised more quickly. This is the fundamental purpose of effecting a strategic shift in the guiding idea of army building. If we simply use the threat of war to judge the value of national defense, we will probably misinterpret this shift as one from "war preparedness" to "peace" and think that the principal function of the army has been shifted from the "defense of the motherland" to the "construction of the motherland." We can thus see that if we fail to discard this narrow concept of national defense, it will inevitably become an obstacle to the big strides by our army in the new historical period, and directly affect the all-round building of our army with modernization as the center.

#### **It Is Necessary To Approach the Problem from the State Security and Interest Angle**

With the exception of eternal interests, there are neither eternal enemies nor eternal friends.

As far as a country is concerned, security and interest are above all else. Although almost all state interests are related to state security, the most important state security and interest are survival, and the most important

indication of a state's survival is the possession of sovereignty. If a country does not have the power to protect its sovereignty, it has lost genuine independence and, therefore, ceased to exist except in name when: It is controlled by others politically and economically; is dependent on the pleasure of others; and it submits to their batons, although it has not reached the extent of allowing itself to be trampled upon. Today, the phenomena of exterminating a country is rarely seen, but the threat of existing in name only is still there.

The threat of being wholly or partially deprived of one's sovereignty is often accomplished by the method of war or by military means. Although the force of peace has constantly grown, the danger of war has not disappeared. The contention for hegemony between the United States and the Soviet Union poses a danger to world peace; the growing ambition of the regional hegemonists will also lead to the disasters of war. Moreover, the existence of territorial and territorial sea disputes between our country and some other countries has made any infringement on our sovereignty intolerable. For this reason, we should by no means overlook the threat of war and the danger of being invaded, overthrown, and dismembered. On the other hand, we should soberly note that other ways and means, such as economic, scientific, technological, and natural resources, can also pose serious threats. These threats are increasingly surpassing the threat of war. There may also be the coordinated use of economic and military means, or the simultaneous use of numerous means. This is a new feature in the current situation of international relations and international struggle.

State survival is inseparable from its development. Development is necessary to survival. Development should not be merely seen as economic development. Instead, we should develop the state's overall power, namely, the comprehensive power of the state. Our objective is to achieve the four modernizations but not one, two, or three modernizations. The "four modernizations" is a comprehensive power. Indeed, the economy is very important because only by developing the economy and making the state prosperous is it possible for other aspects of development to have a solid material foundation. But, far from developing into a purely economic power, we are pursuing a powerful socialist state which develops in an all-round way--politically, economically, militarily, scientifically, and technologically.

A state's survival and development hinge upon a peaceful, stable international environment and a stable, united domestic environment. The big triangular pattern or the multipolarization of world forces, as some foreign strategic analysts have put it, is precisely an important factor in the relative stability of the world situation and in the survival and development of our country. Today, when the superpowers are intensively developing their strength and fiercely contending for strategic superiority, China has a major responsibility to oppose hegemonism and safeguard world peace. We must increase our weight in stabilizing the world situation and this weight is composed of various factors, such as political, economic, and military affairs. Without sufficient military power, it will be impossible to preserve and enhance China's status as a big power.

At present, many countries consider their defense problems from the high plane of security and interest, and against the major background of the global situation. France has explicitly announced that its military principle has exceeded the narrow scope of only considering the use of military force in the battlefield. France has entrusted the defense department with four major tasks. One of these tasks is to enable France to act independently as a big power outside Europe. As a worldwide big power, it is even more necessary for China to constantly increase its defense power if it wants to play a decisive role in international affairs.

"Defense is a major affair of the state." It is necessary to transcend the limitations of dealing purely with the threat of war and to approach defense undertakings from the angle of a state's life and death, prosperity and decline, and glory and disgrace. This is a major defense concept all soldiers and citizens should establish.

#### Deterrence Is the Main Function of Peacetime Defense

A narrow defense concept usually regards the winning of a war as the only function of national defense. If we approach problems from the angle of national security and interest, we can see that national defense at least has two major functions: deterrence and actual combat.

The principal difference between deterrence and actual combat is that deterrence is the main function of defense in peacetime, while actual combat is the function of defense in wartime. Once a war breaks out, the primary objective of defense is undoubtedly to fight and defeat the enemy; in peacetime, however, our primary objective is to win without putting up a fight and to curb the war. Sometimes, we also go to war and use this as a deterrent.

To curb a war, it is necessary to have a strong deterrent capability. That is to say, we must have genuinely powerful defense strength and potential in both quantity and quality. To this end, it is imperative to maintain sufficient quantities of armed and reserve forces; to carry out strict military training to preserve excellent combat effectiveness; to try everything possible to improve weaponry in a planned way; and to step up the development of military theory and to develop national defense science and technology and the national defense industry. Only when we have a convincing deterrent is it possible to be effective.

Actual combat does not happen frequently, but the role of deterrent and anti-deterrent is present all the time. The saying "maintaining an army for a thousand days to use it for an hour" only refers to actual combat; judging from the angle of deterrence, it should have been changed into "maintaining an army for a thousand days to use it for a thousand days." The existence of armed forces, plus their fearful image of power and grandeur, is an enormous deterrent in itself.

What with the insufficient importance attached to the function of deterrence and the economic difficulties faced by our country at the moment, some people are apt to have this idea: Since war does not pose a big threat in the near

term, why should we spend so much money on defense? And the army are also apt to regard production and operations as more important than military training.

National defense itself is not pure consumption. In addition to consumption, it can also increase value, bringing all sorts of social benefits and economic results to the state. On the question of how to judge defense benefit, a correct view is to look at security benefits first. It is difficult to calculate security benefit in monetary terms. If we can ensure the survival and development of the state with strong national defense, the money we spend on defense is worthwhile. We have not used our nuclear weapons even once. In a sense, however, is it not the possession of atomic and hydrogen bombs and satellites that has enhanced our international status and made our country more secure?

In peacetime, in addition to fulfilling the task of defending state construction, the armed forces should also take part in and support state construction, and appropriately engage in production so as to lighten the burden of the state. The question is that they should soberly understand their responsibility at all times. If they put in an improper place things that can yield economic results, such as production and business operations, and thus reduce the army's quality and combat effectiveness, it will exert an unfavorable influence on the two major functions, namely, deterrence and combat strength. Does not this run counter to the mission and objective of ensuring state security?

The comrades engaging in defense undertakings, particularly our soldiers, should at no time have a hazy idea about our mission and the value of our existence. The might of our country and army is at once a powerful spiritual and material force. It has been established through several decades of bloodshed, sacrifices, and arduous efforts and, for this reason, we should cherish it all the more. If we can approach and consider problems from such a basic point, we shall probably gain a better understanding of why we should effect a strategic shift in the guiding idea of army building, and why all the work by our army should center on modernization.

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MILITARY, PUBLIC SECURITY

PLA PAPER STRESSES ARMY MODERNIZATION

HK241115 Beijing JIEFANGJUN BAO in Chinese 10 Jul 87 p 3

[Article by Zou Yuqi (6760 3768 3825): "Grasp the Core of Army Work in the New Period"]

[Text] Editor's note: That our army should center its work on modernization is an important idea that the Military Commission has time and again stressed. Clearly establishing this idea throughout the army is of important practical significance to effecting the strategic change proposed by the Military Commission and to further strengthening overall building of our army in the new period. Therefore, this paper proposes to hold academic discussions on problems in this field in the second half of this year.

The problems for discussion include: Why should army building center on modernization? How should we correctly understand the relationship between the army's modernization and its revolutionization and standardization? How can we make modernization the focus of all the work of our army? How should our army be "modernized"? What is the way to build a modernized army with Chinese characteristics? How can we contribute more to speeding up the modernization of our army? All contributing articles must try to answer one question or one or two aspects of a certain question by integrating theory with practice. The articles may be in any form. [end editor's notes]

Author's preface to his article: In the preceding stage, in accordance with the arrangements made by the party committee of the military district, I went down to lower levels to grasp work in the grass roots, to implement the spirit of an enlarged meeting of the Military Commission held last year, and to investigate army building in the new period. Recently I attended a study class run by the party committee of the military district and earnestly studied important expositions made by Chairman Deng and other leading comrades of the Military Commission on strengthening army building in the new period. Now I deeply feel that at present it is necessary to hold aloft the banner of "centering army work on modernization" so as to cement the will of all commanders and fighters of our army under this banner and fight with one heart and one mind for the fulfillment of the general target set by the Military Commission for army building. [end author's preface]

"The Decision of the Central Military Commission on the Army's Political Work in the New Period" explicitly pointed out: "The modernization of our

army is the core of all our army work." This important policy decision of strategic significance pointed out the orientation of army building in the new period.

It must be admitted that the strategic change in the guiding thinking of our army building has provided a historic opportunity for the army's modernization construction. We are now in a relatively stable international environment. This does not mean that national defense construction is no longer important, but rather that we can have more time and conditions, can take a long-term view on army building and national defense construction, and can do forward planning and make overall arrangements in a scientific way. It also means we can change the previous practice of "bringing about a temporary solution of a problem" and can take some radical measures to "thoroughly solve the problem" and lay down a solid foundation and grasp some fundamental and long-term issues in national defense construction, such as developing weaponry, training new types of qualified personnel, readjusting army establishment and structure, strengthening military scientific research, and revitalizing military theory.

At present, the armies in many countries are making use of this "relatively stable" period to speed up their own reform and development so as to meet the international situation of fierce economic, scientific, technological, and military competition. In a certain sense, today's "peaceful situation" is not "peaceful" at all. A world war may not break out, but regional wars have never ceased. To gain a "commanding height" in future wars, competitions of military strength will become very fierce. The future world will still be one in which those with the real strength have the final say. In such a situation, if we only take urgent and temporary measures to build army and national defense, then we may lose tomorrow what we get today.

What merits our attention is that some of our comrades fail to deeply understand this strategic change or even have a wrong idea, thinking that national defense and the army are not so important in the current period of peaceful construction and that it is time to "put the weapons back in the arsenal and graze the war horses on the hillside." This is indeed a very erroneous idea. The strength of national defense is, at all times, an important component part of a country's comprehensive strength and plays an important role in deciding its position. We all know that there are abundant petroleum, fishery, and mineral resources in China's territorial waters and border areas, but some resources have not been effectively protected due to our limited capacity for national defense. If we do not have a powerful national defense, it is impossible for our nation to retain its position in this fiercely competitive world.

It is evident that the strategic change in the guiding thinking of our army building means changes in orientation, policy, and measures of army building. Every commander and fighter still needs to be ready to fight a war at any moment and to maintain vigilance. A soldier should not wish to be a soldier in peace, but must be ready to strive for and win peace in battles of blood and fire. From a strategic viewpoint, "war" or "peace" is only a choice to be made by supreme command and strategists. As for the army, soldiers, and

ordinary officers, the only correct choice is to perform their duties for the safety and interests of their country and to be prepared for wars that may break out at any moment. The dialectics of history is that the stronger the sense of war a proletarian army has, the more advantageous it is to stabilizing the peaceful situation in the world. Many comrades are now talking about the "deterrent" of national defense. If an army does not have the idea of being ever prepared against war and if an army cannot move and fight, it would have no "deterrent force," just like a rusty machine or a sick tiger. Likewise, if an army does not have the idea of "fighting wars," it will have no sense of undertaking a mission. If soldiers in army uniform do not have the idea of dedicating themselves to national defense and do not have the intention of making some contributions in their military career, then it will be impossible to increase the combat strength of the army.

An army has always been the reflection of the national spirit, and the most valuable national spirit is the fighting spirit of being bold in dedicating oneself and constantly striving to become stronger. Having this spirit results in a strong cohesive force and centripetal force. In building modernized national defense and a modernized army, we cannot consider material factors to the neglect of human ones. The most important thing is to imbue soldiers with the spirit of constantly striving to become stronger and to train them with a strict style. Modernization is first the modernization of human beings. Without being people who are strictly trained and have been tempered in hard struggle, then how can soldiers have an ideology of competition, a sense of time, unyielding tenacity, and decisiveness?

The contradiction between the objective needs of modern wars and the relatively low level of modernization of our army is the main contradiction in army building in the new period. The so-called relatively low level of modernization is not only a problem of equipment, but also includes such problems as the quality of personnel, training level, army establishment and structure, and military academic theory. Therefore, our army still has things to do even under the situation of limited national defense funds. That the army should "center its work on modernization" is not a hollow slogan, but a banner. Only under this banner can the will of the whole army be united, can the wisdom and strength of the whole army be gathered, and can various relationships be properly handled in a multitude of things.

The Central Military Commission has attached great importance to the modernization of our army. As early as 1981, Comrade Deng Xiaoping clearly pointed out: "It is necessary to build our army into a powerful, modernized, and regular revolutionary army." Afterwards, he gave a series of important instructions on army building and pointed out an orientation for refocusing army building on the modernization of our army. Comrade Yang Shangkun also repeatedly stressed: "Army building must be centered on modernization." At an enlarged meeting of the Military Commission held in December 1986, Comrade Yang Shangkun analyzed the main contradictions in the army in the new period and further expounded the importance of the modernization of our army. "The Resolution of the Central Military Commission on Political Work of the Army in the New Period" put forth the modernization of our army as the

central task of all our army work. However, some comrades have failed to hold aloft this banner until today and hence have not yet shifted their attention to building modernization in practical work.

There are many reasons for the failure to give prominence to the "center." For example, the education centered on modernization is not thorough-going; the understanding of the modernization of our army is not unified; the target of modernization is not clear; and principles and policies have not yet been specified. But, the first problem to be solved is the problem of people's ideas. Ideas are always the precursor of action. If we have correct ideas, then everything will go smoothly. Only by transforming our ideas and removing various obstacles in our thinking, is it possible to arouse people's enthusiasm for building modernization and to unify their ideas.

**It Is Necessary To Have a Strong Sense of Modernization.** To build modernization, we must first think of modernization. Without a strong sense of modernization, we will not conscientiously fight for this cause. Since the 3d Plenary Session of the 11th CPC Central Committee, and particularly since the Central Military Commission made an important policy decision on bringing about a strategic change in the guiding thinking of our army building, leaders at all levels have further emancipated their minds, considered the future, devoted themselves to reform, and taken gratifying steps on the road of building modernization. However, it is obvious that the habits in our work and understanding which have been formed over a long time are still hampering our initiative consciously or unconsciously. In practice, it is always the case that people describe what they are doing as important regardless of the position of the work in the general system of army building. As everyone stresses the importance of his work, this could dilute our strength and divert our efforts, resulting in waste of human and material resources. It is also impossible to fulfill several particular tasks within a time limit.

It must be affirmed that describing what one is doing as important also reflects an enthusiasm and initiative. However, modernization is a systematic project which should be conducted in a coordinated way. Just like economic construction, in order to fulfill the general target, some projects must be speeded up while others must be abandoned. The result of treating everything as equally important is that nothing is really important and that there will be no core. In his speech delivered at an enlarged meeting of the Central Military Commission held in 1986, Comrade Yang Shangkun pointed out: All comrades of our army must firmly establish the idea of "centering army work on modernization" and make concerted efforts to do good jobs in all fields closely around the center. Centering army work on modernization demands that we have a sense of overall situation, a sense of system, and a sense of mass production. If we depart from the "center" and the overall situation, no enthusiasm or initiative can truly form positive strength promoting development of our cause.

**It Is Necessary To Continue To Eradicate "Leftist" Influence.** In the course of building modernization, our army must prevent and correct rightist deviation on the one hand, and retain a high degree of vigilance against "leftist"

influence on the other. In recent years, after conducting education on thoroughly negating the "Cultural Revolution" and bringing order out of chaos ideologically and politically, we have achieved great results in eradicating "leftist" influence in the military field. However, as the "leftist" stuff created by Lin Biao for more than 10 years, such as "giving prominence to politics" and "leftism," are deep-rooted, they could show up again at an opportune moment. When talking about "centering army work on modernization," some comrades fear that it could devalue revolutionization and deny our army's fine tradition. With such a mentality, it is impossible for them to truly build modernization. True, revolutionization is our army's fine tradition as well as an important mark distinguishing our army from the armies of all exploiting classes. In building a modernized army with Chinese characteristics, we cannot abandon this tradition and give up our army's fundamental superiority. However, we must understand that revolutionization is an important guarantee for modernization and like standardization, is mutually linked to and promotes modernization. They must be subordinate to and serve the modernization of our army closely. Therefore, we must remove "leftist" disruption, truly emancipate our minds from the confinement of "leftism," and justly and forcefully grasp the modernization of our army.

**It Is Necessary To Oppose the Idea of Attempting and Accomplishing Nothing.** At present, our army faces some temporary difficulties in its modernization. The state wants to concentrate its efforts on conducting economic construction, so it is impossible to spend more funds on national defense. The scientific and technological level of China's national defense is not high and it is impossible to provide more modernized weaponry in a short time. The commanders and fighters of our army have a poor quality of modernization and poor ability to control a modernized war; army establishment and structure have not yet been properly reorganized; and some necessary systems and regulations have not yet been perfected. Under such a situation, we should not expect too much or be too eager to achieve too much in the modernization of our army. Nevertheless, we should not be inactive because of various difficulties. We must fully understand that under the premise of serving the country's economic construction, we still have many favorable conditions in the modernization of our army: the relatively stable international environment has provided us with an opportunity for the army's modernization in a planned way; the policy of reform, opening up and economic invigoration adopted by the state has speeded up economic construction and will lay down a good material foundation for the development of our army; the CPC Central Committee, the State Council, and the Central Military Commission have attached great importance to the modernization of our army and have clearly formulated basic policy on the modernization; China has been developing a national defense scientific research and national defense industry for more than 30 years and has laid down a foundation and accumulated some experience; China is now leading the world in some fields of important technology; and the desire, pursuit, and belief of the whole army for its modernization will certainly evoke enormous creativity. Therefore, we must be fully confident of overcoming the current difficulties and must endeavor to create conditions to gradually fulfill the grand target set up by the CPC Central Committee and Central Military Commission for China's national defense and the modernization of our army.

It Is Necessary To Avoid the Tendency of Being Divorced from Reality.  
In a certain sense, the modernization of our army is also a process of reform and opening up and we should make use of the experiences of foreign armies and learn something useful. We have achieved some results in this respect, which have promoted the modernization of our army. However, we must also pay attention to avoiding and rectifying a tendency to mechanically copy the experience of foreign armies and blindly use some successful experiences of foreign armies which are not necessarily applicable to our army or which our army is unable to use at present. We must realize that the conditions in our country and our army are different to those in other countries and armies and that in building the modernization of our army, we cannot mechanically copy patterns of other countries, but must persevere in the Chinese style and have our own characteristics. Only in this way can we ensure healthy development of the modernization of our army and can we continuously upgrade the level of our army's modernization.

Adherence to "centering army work on modernization" is a large topic, which should be discussed by all comrades of our army. The purpose of this topic is to solicit readers' opinions on this topic.

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MILITARY, PUBLIC SECURITY

CAPABILITIES OF COUNTRY'S STRATEGIC ROCKET FORCE

HK241006 Beijing XINHUA Hong Kong Service in Chinese 0254 GMT 20 Jul 87

[Text] Beijing, 20 Jul (XINHUA)--With a complete set of operational bases and facilities and equipped with different types of long-range, intermediate-range, and intercontinental missiles, China's strategic guided missile forces, which are capable of launching missiles under extremely complicated weather conditions, have achieved remarkable successes and are playing an increasingly important role in national defense.

According to JIEFANGJUN BAO, China formally established its strategic guided missile force in 1966. Over the past 20 years or so, these new modern forces, which developed from small to big and from weak to strong, have become a combined arms unit with a rational establishment and have developed into a scientific and technological army with a complete range of specialties and a certain scale and technological level.

In light of China's principle of developing nuclear weapons for the sake of defense and to meet the needs of anti-nuclear war in the future, while training the officers and men and upgrading their military technological level, China's missile forces have, in connection with the characteristics of climate and topography of the war theater, recently conducted adaptability training under the conditions of bitter cold, high temperature, strong winds, storms, highlands, hilly land, and mountain areas; obtained experience in organizing operations under severe natural conditions; and enhanced the capacity of the forces to launch missiles throughout the year.

With the upgrading of arms models, China's strategic guided missile forces have also made a study of problems concerning combat tactics, operations, functional improvement of arms, and development of an operational command system, and have succeeded in more than 500 research items. The popularization and application of these research achievements effectively increased the capacity of self-defense, quick reaction, and mobility of the strategic guided missile forces under the conditions of nuclear warfare.

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MILITARY, PUBLIC SECURITY

SHANGHAI NAVAL AIR UNIT'S PERFORMANCE PRAISED

OW291245 Shanghai City Service in Mandarin 0200 GMT 29 Jul 87

[From "Special News Program Marking Chinese PLA's 60th Founding Anniversary" program; newsletter by station correspondents Wang Ding and Shi Luping: "The Air and Sea Hunter Preserves Its Heroic Style"]

[Excerpts] The naval air unit stationed in Shanghai is a unit with a glorious history. Over the past 30 years since it was founded, this unit has been assigned to more than 30 different airfields both north and south of the Chang Jiang, as far as the northeastern plain in the north, Xisha Islands in the south, Shanghai in the east, and Guiyang in the west. For a long time, it has carried out duties in preparation against war and shouldered the tasks of protecting fishing operations and convoying ships. On 26 June 1967, it shot down an invading enemy aircraft over Hainan Island and was consequently commended by the Ministry of National Defense. On many occasions, it demonstrated stunt flying skills for party and state leaders and foreign guests. The leadership and pilots of this unit were cordially received and praised three times by Mao Zedong and Zhou Enlai. The unit was praised as a sea and air hunter.

More than 30 years have elapsed. Highly valuing the unit's glorious fighting history and looking forward to the future, the new generation of pilots of this unit painstakingly studies aeronautic theory, flight skills, and fighting tactics. This unit has now become one of the Navy's Class-A fighter units with the emergence of a large number of special- and first-grade pilots who can fly under all weather conditions. In an air-to-air missile firing practice carried out by naval air units, it achieved the outstanding score of firing 17 missiles with none missing the target. The unit thus proved with its concrete action that the sea and air hunter still preserves its heroic style.

Since the 3d Plenary Session of the 11th CPC Central Committee, the new generation of pilots of the naval air unit stationed in Shanghai has carried out a series of reforms centering on educational training. On the basis of earnestly summing up and studying the characteristic fighting skills of foreign air units and using their present equipment, they have enthusiastically undertaken regular flight training by setting hard and strict demands on themselves in order to meet the needs of real war. They have completed training in

such difficult skills as low-altitude flying over the sea, flying under complex weather conditions, high-altitude stunt flying, firing at rapidly moving ground targets, and twin flight air combat.

In the past few years, 12 pilots of the naval air unit stationed in Shanghai met with dangerous circumstances on 14 occasions while in flight. Each time, they averted danger by acting calmly and resolutely.

In recent years, the naval air unit stationed in Shanghai has been ordered on numerous occasions to send out its aircraft to shadow and intercept foreign military planes and ships near the territorial waters and airspace of our country. Once, a warship and aircraft of a foreign country intruded into our territorial waters and airspace to interfere in and disrupt operations in our East Sea fishing zone, posing a threat to the security of our fishermen's work and lives. After receiving a combat order, four planes of this unit immediately took off to intercept them. Feeling guilty and seeing that the situation was unfavorable to them, the foreign warship and aircraft turned around and fled in a dejected manner. Practice once again proved that the sea and air hunter still preserves its heroic style.

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MILITARY, PUBLIC SECURITY

JIANGXI PLANS RESETTLEMENT OF 3,000 FORMER TROOPS

OW300128 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 24 Jul 87

[Excerpts] Over 3,000 military cadres will be transferred to civilian work in the province this year. To accommodate this influx, a provincial forum on job placement for them, which ended 23 July, discussed and worked out a plan. The plan calls for planned allocation, coupled with recommendation and selection, to bring out the best of those transferred.

Jiang Zhuping, member of the Standing Committee of the provincial CPC Committee and vice governor, spoke at the forum on 21 July. He said: since 1985 party committees and governments at various levels in the province have actively supported the military's reduction-in-strength and have taken in and settled more than 4,800 discharged military cadres, successfully fulfilling the tasks assigned to the province by the State Council and Central Military Commission. This is the target year that the central authorities set for the military to reduce its forces by one million as part of the military's structural reform. Party committees and government at various levels, in celebration of the 60th anniversary of Army Day, must make good preparation to fulfill this year's assignment.

Liu Fangren, deputy secretary of the provincial CPC Committee, visited the participants at the closing of the forum and made an important speech. Liu Fangren stressed that job placement for discharged military cadres is a policy that concerns many aspects of the society. In carrying out the task, focus should be directed to ideological-political work. On the one hand, it is necessary to educate local organizations at all levels to make proper preparation to make good use of the discharged cadres. On the other hand, it is also necessary to educate the discharged cadres to accept what is arranged for them and go to the grassroots, to where they are needed in the four modernizations.

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MILITARY, PUBLIC SECURITY

HUBEI MILITARY LEADERS' ARTICLE MARKS ARMY DAY

HK301256 Wuhan Hubei Provincial Service in Mandarin 0900 GMT 27 Jul 87

[Article written "In Commemoration of the 60th Anniversary of the Founding of the Chinese PLA" by Wang Shen and Zhang Xueqi, Commander and Political Commissar of the Hubei Military District: "The People's Army Will Always Obey the Party's Orders"]

[Excerpts] The PLA's 60-year army building history is a great epic about advancing from victory to victory under the great banner of the party.

The party's absolute leadership over the army is the fundamental principle of our army building; at no time shall we waver in the implementation of this principle. Only by upholding the party's absolute leadership over the army can our army building adhere to the correct political orientation from beginning to end.

Our most important task demands that we faithfully implement the line, guiding principles, and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee, and act highly in line with the party central authorities in both the ideological and political fields.

We must strengthen the sense of respecting local party committees and local governments, and conscientiously submit ourselves to their leadership. Armed forces throughout our military district as well as the three armed services stationed in Hubei must preserve the true political qualities of the people's army at all times and everywhere, and respect and support local party committees and governments. When anything crops up, our armed forces and the three armed services should take the initiative in asking local party committees and governments for instructions or reporting conditions to them, conscientiously submit themselves to and actively strive for the leadership of local party committees and governments, concern themselves with and support all local reforms, energetically support Hubei's economic construction, and make more contributions to consolidating and developing new types of relations between the army and the government as well as between the army and the people.

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MILITARY, PUBLIC SECURITY

BRIEFS

2D ARTILLERY CORPS BRIGADE--Hefei report: A certain Second Artillery Corps [China Strategic Missile Force] brigade has emphasized activities which encourage being creative and making small discoveries and reforms. In the past more than 10 years it has completed 198 topics of technological reform, 152 of which received awards from the PLA and Second Artillery Corps. It presented its experiences at a forum which concluded 14 June. [Text] [Beijing JIEFANGJUN BAO in Chinese 18 Jun 87 p 1]

XIZANG BRIGADE--A certain brigade in the Xizang Military District has placed great importance on specialized training for logistics personnel in order to improve the units' capability for survival in the field. The photo [not reproduced] shows mess personnel of this brigade carrying out field mess work in dense mountain forest at an altitude of nearly 4,000 meters. [Text] [Beijing JIEFANGJUN BAO in Chinese 19 Jun 87 p 1]

NANJING AUTOMATED TANK PARK--The PLA's first automated tank park control center has been established in a certain Nanjing MR tank regiment and was certified on 23 June. The system can automatically supervise and manage equipment, facilities, and personnel throughout the park. If a fire should break out or theft occur anywhere in the park, the center will automatically, quickly, and accurately report the time and precise location of the problem. [Text] [Beijing JIEFANGJUN BAO in Chinese 26 Jun 87 p 1]

A-5 RECEPTION AT PARIS AIRSHOW--Three aircraft were especially well received at the 37th Paris Airshow and are pictured here [photos not reproduced]. These were China's A-5 fighter, the U.S. F-16C, and the Aerospatiale "Panther" military helicopter. [Summary] [Beijing JIEFANGJUN BAO in Chinese 29 Jun 87 p 3]

BEIJING ECM UNIT TRAINING--A certain Beijing MR electronic warfare unit started by immersing itself in regulations, developed with a rigorous approach, unified its training rules, and scientifically organized and practiced training. In early June this unit organized a countermeasures group exercise covering a large area and achieved excellent results in jamming efficiency. [Photo shows vans with camouflage netting] [Text] [Beijing JIEFANGJUN BAO in Chinese 2 Jul 87 p 1]

NAVAL SURFACE TRAINING SIMULATOR--A scientific achievement which attains international advanced standards for the 1980's--a surface vessel comprehensive training simulation system--has been certified by specialists and professors within and outside of the Navy after the Navy's Dalian Warship College tackled the problem for 6 years. Tactical and technical training for naval warships can now move from the sea onto land. This system was transported by air in late June from Dalian to Beijing where it was exhibited

to celebrate the PLA's 60th anniversary. The system is composed of a director's room, large screen display room, new missile destroyer control room, and seven support rooms. It can simultaneously train almost 100 commanders. When in operation, the large screen can simultaneously display the characteristics of 61 targets in real time and can simulate 200,000 square kilometers of sea. [Text] [Beijing JIEFANGJUN BAO in Chinese 4 Jul 87 p 1]

NATIONAL DEFENSE S&T UNIVERSITY LEADERS--On 1 June, the National Defense Science and Technology University [NDSTU] held a conference to discuss compiling the school's history. In attendance were more than 100 comrades including former Harbin Military Engineering College Commandant and Railway Corps Deputy Commander Liu Juying [0491 1446 5391]; former Harbin Military Engineering College Deputy Commandant and 2d Artillery Corps Deputy Commander Li Maozhi [2621 2021 0037]; Zhang Liangqi [1728 5328 6386], currently commandant of the NDSTU; NDSTU Political Commissar Wang Hao [3076 3185], and Mao Zhiyong, Xiong Qingquan, Jiang Jinliu, Shen Ruiting, and Wang Zhongfu. [Summary] [Changsha HUNAN RIBAO in Chinese 2 Jun 87 p 1] The NDSTU has 500 high-tech personnel at the deputy professor level and above. NDSTU Deputy Commandant Xia Mingzhi [1115 6900 2535] comments that cultivating talent is a strategic problem and potential must continuously be tapped. [Summary] [Beijing JIEFANGJUN BAO in Chinese 30 Jun 87 p 2]

XINJIANG DIVISION IRRIGATES CROPS--A certain Xinjiang MD division located on the northern edge of the Taklimakan Desert has purified the waste water it has accumulated over many years and used it to irrigate trees and croplands, causing vegetables to sprout early and 100 percent of this year's saplings to survive. [Text] [Urumqi XINJIANG RIBAO in Chinese 15 Jun 87 p 1]

ZHEJIANG DEMOBILIZATION FIGURES--Zhejiang Province has already accepted 1,235 retiring military cadres and established 40 cadre retirement centers (or service offices). [Excerpt] [Hangzhou ZHEJIANG RIBAO in Chinese 20 Jun 87 p 1]

ANHUI STUDENT MILITARY TRAINING--Anhui Province has carried out student military training for 2 years, with a total of 4,400 college and high school students receiving training at 6 schools. Attendance has been 98 percent, scores in theoretical testing have all been over 85, and 93.4 percent of the students have met standards in firing skills. This year more than 25 schools are involved and the number of students has increased to 9,300. [Excerpts] [Hefei ANHUI RIBAO in Chinese 23 Jun 87 p 1]

TRAINING, ACTIVE REGIMENT INTERACTION--A certain division in the Nanjing MR has been using the experience of active cadres to guide its cadres responsible for training recruits. Subordinate to this division are two types of organization, the training regiment and the fighting regiment. Division leaders feel the training regiment organization combines peacetime and wartime functions, training recruits during peacetime and expanding in wartime to take on operational missions. Cadres of the training regiment must also be continuously trained if they are to effective in wartime. [Summary] [Beijing JIEFANGJUN BAO in Chinese 19 Jun 87 p 1]

AUTOMATED PARTS DEPOT--The PLA's first automated vehicle parts depot has been established in Shenyang and began operations in mid-June. Many parts are suspended in cradles, making its storage capacity 2.5 times greater than a

normal warehouse. It uses a computer-controlled storage and retrieval system and has achieved advanced domestic standards. [Excerpts] [Beijing JIEFANGJUN BAO in Chinese 24 Jun 87 p 1]

**NEW BULLETPROOF VEST**--The PLA's first bulletproof vest made from new materials was technically certified at the Xinyang Army College and reported to leading organizations of higher levels at the beginning of June. It is one-fifth the weight of steel vests and five times as effective, and is fireproof, acid resistant, and comfortable. The vest was jointly developed by Xinyang Army College instructor Zou Pisheng [6760 0012 4141], a certain research institute, and the Guangzhou MR Wuhan General Hospital. [Text] [Beijing JIEFANGJUN BAO in Chinese 4 Jul 87 p 1]

**SHENYANG RESERVE REGIMENT FIGHTS BLAZE**--Twelve battalions, companies, and platoons, and 521 individuals of a reserve regiment in the Shenyang MR received 2d and 3d class merit citations for their fast and outstanding work fighting the Daxinganling fire. [Text] [Beijing JIEFANGJUN BAO in Chinese 4 Jul 87 p 2]

**PIER TRANSFERRED TO ZHEJIANG CITY**--Naval units stationed in Zhoushan and the Zhoushan City People's Government signed an agreement in Dinghai this afternoon on the units' support for Zhoushan's economic and transport construction. According to the agreement, the naval units will transfer, with compensation, the No 6 pier and its facilities to the local government in order to support its urban transport construction and meet the needs of the newly established Zhoushan city and the opening of its port to foreign countries. Originally a supply, repair, loading, and unloading pier for the naval units, the No 6 pier covers a land area of some 12,000 square meters and consists of buildings with a total of 8,700 square meter floor space. It also has a 3,000 ton berth. After the transfer, the coastal line of Dinghai Harbor will extend from the current 250 meters to 480 meters. Thus, the port will accommodate large vessels and direct landing of the passengers. The naval units will also dismantle some of the barracks and dispatch commanders and fighters to assist in the construction of a highway tunnel. [Text] [Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 29 Jul 87 OW]

**JINAN MR MARKS PLA ANNIVERSARY**--On the afternoon of 29 July, the Jinan Military Region held a forum, participated in by some veteran cadres who are living in Jinan, to mark the 60th anniversary of the founding of the army. More than 100 veteran Red Armymen and Eighth Route Armymen jubilantly gathered to discuss the history of the army and to talk about traditions and the issue concerning reform, and pledged to continue making contributions to the building of the army and adding radiance to the 1 August army flag during their remaining years. Attending the forum were leading comrades of the Jinan Military Region, including Li Jiulong, Chi Haotian, Gu Hui, Song Qingwei, Jiang Futang, (Zhang Zhonglin), and Xu Chunyang; and former leading comrades of the region, including Rao Shoukun, Xiong Zuofang, and Pan Qiqi. [Excerpt] [Jinan Shandong Provincial Service in Mandarin 2200 GMT 29 Jul 87 SK]

## BEIJING MAKES PLANS FOR IMPROVING PUBLIC SECURITY

SK310326 Beijing BEIJING RIBAO in Chinese 20 Jul 87 p 1

[Text] The municipal party committee and government worked out plans recently for straightening out in line with plan all illegal activities harmful to reform with concentrated municipality-wide efforts in the next 3 years in an effort to safeguard the capital's social order.

Comrade Li Guang, member of the Standing Committee of the municipal party committee and secretary of the municipal Political and Legal Commission, recently held a work conference at the municipal Political and Legal Commission office and pointed out that the current illegal activities harmful to reform can be mainly summarized into the following: disrupting the socialist planned commodity economy and the market, profiteering and cheating, entrapping the people into a difficult situation, and seriously disrupting the progress of reform and opening up; endangering the planned supply, primarily by the massive reselling of grain, gasoline coupons, and waste metals at a profit, thus resulting in an outflow of grain, gasoline, and waste metals from the municipality; poisoning the general mood of society; undermining the building of spiritual civilization by such means as gambling; and illegally selling books, periodicals, and obscene videotapes, cassettes, and articles. Those who commit these illegal acts will bring great harm to society.

Comrade Li Guang pointed out that it is very necessary to launch a municipality-wide struggle against illegal activities that harm reform. Only by doing a good job in this struggle can we ensure the smooth progress of reform and opening up and improve social security in a sustained and stable manner.

The municipal party committee and government called on all localities and departments to grasp this work as a current major task and formulate specific plans in line with the unified municipal plans and the actual conditions of each specific locality and department, and grasp the work in a well planned and step-by-step manner. The main targets of strengthening public security include the following: all kinds of illegal activities of reselling goods at a higher profit; making fake bills, certificates, and goods; gambling, begging, and defrauding someone of his money; manufacturing, reproducing, and selling unauthorized books, periodicals, and obscene cassettes, videotapes, and articles; mass seizure of commodities, forcing someone to buy or sell goods, cheating and dominating the market; doing business without a licence or

doing illegal business; not obeying management; and other illegal activities. The emphasis of the work of improving public security should be on improving the major localities where these illegal activities are active such as the farm-product markets, flea markets, individual stalls and groups, tourist spots, gas stations, railway stations, long-distance bus stations, hotels, individual restaurants, and busy streets where commerce is concentrated.

At a conference held a few days ago, Vice Major Feng Mingwei stressed that this work of improving public security should be carried out under the unified leadership of the party committees and administrative units at all levels. The public security, industrial, and commercial departments should play the main role while other departments should assign adequate manpower to handle things related to their own departments, actively participate in the work, and make it successful with concerted efforts.

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CSO: 4005/0896

## HEBEI SECRETARY SPEAKS AT '1 JULY' CELEBRATION RALLY

SK240441 Shijiazhuang HEBEI RIBAO in Chinese 30 Jun 87 p 1

[Text] On the evening of 29 June, the provincial party committee held a radio and television rally to celebrate "1 July" and to commend 90 advanced grassroots party organizations and 107 exemplary communist party members.

Lu Chuanzan, deputy secretary of the provincial party committee, presided over the rally. Qu Weizhen, member of the provincial party committee Standing Committee and director of the Organizational Department of the provincial party committee, read the provincial party committee's "decision on commending 90 advanced grassroots party organizations and 107 exemplary party members." (The full text will be dispatched separately.) [as published] After that, the namelists of the advanced grassroots party organizations and exemplary party members that have been commended were read. Leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, and the provincial CPPCC Committee presented silk banners to the advanced grassroots party organizations and issued badges and certificates to the exemplary party members.

On behalf of the provincial party committee, Xing Chongzhi, secretary of the provincial party committee, first extended warm greetings to the advanced grassroots party organizations and exemplary party members, and extended festive greetings to the vast number of party members who are working on all fronts. Following this, he made a speech on the issue concerning strengthening the construction of the province's grassroots party organizations.

Xing Chongzhi said that we must grasp seven key tasks for strengthening the construction of grassroots party organizations. First, we should strive to upgrade party members' political awareness and should do a good job in training party members. The training must be conducted firmly in line with such contents as reeducation on the two basic points of the line adopted at the 3d plenary session of the 11th party Central Committee, the education on the basic knowledge of the party and the party's ideals and discipline, and the education on the party's fine traditions and party style. Second, all grassroots party organizations should bring into full play

their role as a fighting force in the grassroots of society entrusted by the party; should regard it as their key jobs in fulfilling the units' reform, two civilizations, and tasks; and should substantially disseminate, organize, educate, and mobilize the cadres and the people in and outside the party to work hard in order to ensure the realization of the party's purpose and tasks. Third, each and every member should persistently and conscientiously study and enforce the party Constitution. Party organizations at all levels should organize the vast number of party members to regularly review what the party Constitution has stated and to think over what they have done in order to find out what they lag behind in line with actual conditions. Communist party members, particularly, party-member leading cadres, must not seek privileges for their family members; but should often do good deeds for the masses and ensure exemplary deeds for the people. Fourth, we should enliven party activities and score actual results in conducting these activities. Fifth, the activities of summing up advanced experiences and commending the advanced should be institutionalized. Under the new general situation, the party committees at the provincial, prefectoral, city, and county levels should conduct such activities once a year while the town and township party committees, the party committees of industrial and mining enterprises, and the grassroots party organizations should conduct such activities once every 6 months. Sixth, the establishments of the rural grassroots party organizations should be improved in order to suit the objective demands of the new situation. Seventh, we should enhance the strength for building the party and grasp the building of grassroots party organizations. The provincial party committee urges the town and township party committees to fill the vacancies of the members of organizational, propaganda, and discipline inspection departments by the end of this year; and that the party committees at or above the country level restore the system of organizational personnel. Thus, all localities should firmly grasp the induction of these members.

Xing Chongzhi called on the party organizations at all levels throughout the province to substantially strengthen the regular construction of the party, to strive to upgrade the construction of the province's party organizations to a new level, to better play their roles as a fighting force and to enable the party members to play an exemplary vanguard role, and to greatly push forward the province's reform and construction undertakings.

The chorus of provincial-level veteran cadres went up on the stage to sing songs entitled "But for the Communist Party, There Would Be No New China" and Safeguard Huang He." Famous actors and actresses in the capital of the province, including Pei Yanling, Zhang Huiyun, Luo Huilan, Chang Zhi, Liu Ji, Liu Xiurong, and Zhang Boyi, successively went up on the stage to show their skills and to extend greetings to the advanced grassroots party organizations and exemplary party members.

The vast number of party members throughout the province listened to or watched the rally through radios or televisions.

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## HEBEI SECRETARY INSPECTS ANTIFFLOOD WORK ALONG QIANLI DIKE

SK200401 Shijiazhuang HEBEI RIBAO in Chinese 1 Jul 87 p 2

[Text] On 27 and 28 June, Xing Chongzhi, secretary of the provincial party committee, went to four counties in the southern part of Baoding Prefecture to inspect the antiflood work along the Qianli Dike.

Starting from Anguo, Boye, Lixian, and Gaoyang counties, the Qianli Dike is the key antiflood facility in the southern part of Baoding Prefecture. During his inspection tour, Comrade Xing Chongzhi inquired about the antiflood situation. He repeatedly stressed that since time does not wait for us, we must grasp the antiflood work vigorously and penetratingly as the flood season draws near. On the evening of 27 June, in spite of the heavy rain, Comrade Xing Chongzhi rushed to Lixian County to heed the report on the antiflood work of Gaoyang, Lixian, and Boye counties. After hearing the report, he said: At present, leaders have attended to their work, problems have been found out, and the countermeasures have been adopted. What remains is the endeavor to go into prompt action, race against time, continue to overcome the slackness and the idea of following the old routine, and make full preparations for the antiflood work.

With regard to the organizational work for preventing floods, Comrade Xing Chongzhi said: Because there seems to be more young members at the present work bodies with only a few having guided antiflood work before, we should draw some veteran comrades who have already retreated from the second or third line of posts and who are in good health to the antiflood headquarters and let them serve as advisers to offer good ideas. By so doing, we will not be at our wit's end when faced with floods. The current antiflood work is a test of the organizational ability of leading bodies.

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## HEBEI MEETING ON CONTROLLING SIZE OF DEPARTMENTS, STAFF

SK240407 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 6 Jul 87

[Text] The 4-day provincial meeting on controlling the size of departments, readjusting the structure of cadres, and placing army cadres transferred to civilian jobs concluded in the provincial capital Shijiazhuang on 6 July. Major tasks for the meeting were to discuss and work out plans for controlling the size of departments, readjusting the structure of cadres, and placing army cadres transferred to civilian jobs in line with the guidelines of relevant central documents. Qu Weizhen, Standing Committee member and organization department direct of the provincial party committee, gave a summarization speech at the plenary session on the afternoon of 6 July.

Speaking on controlling the size of departments, Qu Weizhen said: Over the past few years, the enlarged size of departments and contingent of cadres has constituted a rather serious problem in our province, and the administrative and operating funds have increased at an inordinately high growth rate that greatly exceeded the growth rates of GNP and financial revenues. This has adversely influenced our province's progress in its modernization drive. Therefore, controlling the growth rates of the size of departments and the contingents of cadres is an imperative task.

In view of this, Qu Weizhen urged: All localities should extensively implement the card system in controlling the size of departments, strictly enforce the discipline related to the size of departments, and follow the guidelines of relevant central documents to conscientiously examine the size of departments and the number of their leaders. Any violation of relevant central and provincial regulations should be strictly dealt with.

Qu Weizhen stressed: From now on, if any locality, department, or unit establishes new departments, upgrades them, enlarges their size, and increase the positions for leading cadres without authorization, its acts will be declared invalid, and its principal leading persons will be held responsible.

On the readjustment of the structure of cadres, Qu Weizhen said: To meet the needs in the economic and political structural reforms of our country,

it is necessary to streamline and merge the economic administrative departments which exercise direct control over enterprises, and adopt proper measures to replenish and strengthen the departments in charge of the overall economic work, departments for economic supervision and regulation, and political and legal departments. Because the present readjustment of the structure of cadres is aimed mainly at replenishing and strengthening the grassroots level, we should ensure the source and quality of the cadres transferred when we do this work, and successfully carry out ideological work among these cadres. Meanwhile, we should pay attention to solving their practical problems, and help them get rid of misgivings. Transferred cadres should abide by the arrangements of their organizations, and those who do not abide by the arrangements without a proper reason should be criticized, educated, or even punished according to discipline if their offenses are serious.

Qu Weizhen particularly emphasized the need to strictly guard against unhealthy trends when carrying out this work. He also said that in the future, if any department or unit need to increase the number of cadres, it should bring them in from incumbent cadres first. The general principle is not to recruit from the public.

Speaking on the placement of army cadres transferred to civilian jobs, Qu Weizhen said: We should carry it out, regarding it as a political task. All departments and units should take the initiative in doing this work.

Qu Weizhen said: Controlling the size of departments, readjusting the structure of cadres, and placing army cadres transferred to civilian jobs are three inter-related complicated tasks which involve large areas and a great amount of work. Therefore, party committees and governments at all levels should conscientiously strengthen leadership, work out overall plans, conduct supervision and examination in a timely manner, and successfully fulfill them. All departments should also proceed from the overall situation, and exert concerted efforts to organize forces to carry out the tasks.

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**NEI MONGGOL HOLDS PRESS CONFERENCE ON FUTURE WORK**

SK290540 Hohhot Nei Monggol Regional Service in Mandarin 2200 GMT 28 Jul 87

[Text] On the afternoon of 28 July, the leading group for activities in celebration of the 40th anniversary of the founding of the Nei Monggol Autonomous region held a press conference. Wen Jing, spokesman of the leading group, gave a speech to more than 120 journalists from the region as well as other areas to introduce the development and changes that have taken place in the region over the past 40 years since its founding and the prospects in the development in the next few years.

Wen Jing said: The Nei Monggol Autonomous Region is an autonomous region of minority nationalities that was established the earliest in China. It was founded 40 years ago this year. Today I will announce clearly that under the correct leadership of the CPC and through the concerted efforts of the people of various nationalities, the region has scored tremendous achievements in politics, economy and culture, and has brought about earth-shaking changes compared with 40 years ago. Specific manifestations are as follows: The index of the national economy has risen continuously; agriculture and animal husbandry production has developed in a sustained manner; industrial production has advanced by leaps and bounds; transport, post and telecommunications have progressed; domestic and foreign trade has increased by a large margin; contingents of cadets of minority nationalities have grown; brilliant achievements have been scored in culture and education; medical and public health undertakings have developed vigorously; scientific and technological undertakings have become thriving, and the people's living standards have improved continuously. Such a situation shows that the 40 years has been a period of vigorous development and a period in which tremendous achievements have been scored in various undertakings.

Speaking on the basic ideas on the development and construction of Nei Monggol in the next few years, Wen Jing said: Our general fighting goals for the period between now and the end of this century are to further improve the economic system with the characteristics of regional national autonomy and a fairly strong capacity for development, and to quadruple the region's 1980 industrial and agricultural output value on the premise that great efforts are exerted to promote scientific and technological progress, develop the social productive forces, improve the overall economic results, and strive to exceed this target.

Wen Jing said: In order to attain these goals, in the 13 years from now to the end of this century, we shall make a success of the following work. First, based on the requirement of the PRC Law on Regional National Autonomy, and the actual conditions of Nei Monggol, we shall step up formulation of corresponding rules and regulations to gradually improve the region's economic and political management systems and facilitate the overall development of the region's economic, political, and cultural undertakings.

Second, we shall further the economic construction principle of developing a diversified economy while emphasizing forestry and animal husbandry, and accelerate the construction of infrastructural facilities for animal husbandry, farming, transport, and energy industry so that industry, farming and animal husbandry can promote one another and develop in a coordinated manner.

Third, we shall expedite the development of talented people, exert great efforts to train construction personnel of various specialities, facilitate technological progress, and turn science and technology more rapidly into actual productive forces, and into economic results and social benefit.

Fourth, we shall unswervingly carry out the policy of enlivening the domestic economy and opening to the outside world and, while deepening economic structural reform in rural and pastoral areas, concentrate efforts on the urban economic structural reform to invigorate enterprises and improve market systems. With regard to opening to the outside world, we shall adopt preferential policies, do active work to introduce domestic and world advanced technology, strengthen the construction of inland foreign trade outlets, and greatly expand international economic cooperation and economic exchanges. In particular, we shall strengthen the economic and technological interflows with the Soviet Union, Mongolia, and the various East European countries.

Wen Jing said: Despite the numerous difficulties facing us, Nei Monggol still has very bright prospects for development and construction because we have 40 years of experiences, both positive and negative, more than 20 million diligent people of various nationalities, and abundant natural resources. I am deeply convinced that Nei Monggol will certainly achieve greater results in its revolution and construction if the people of various nationalities throughout the region hold high the banner of construction in unity, abide by the two basic points of the line adopted since the 3d Plenary Session of the 11th Party Central Committee, uphold the four cardinal principles, and adhere to the general policy and principle of reform, opening up, and economic invigoration.

The press conference was presided over by Wu En, responsible person of the leading group for activities in celebration of the 40th anniversary of the founding of the Nei Monggol Autonomous Region.

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NORTH REGION

REGIONAL

SHANXI MEETING DISCUSSES SOCIAL ORDER ISSUES

HK280117 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 27 Jul 87

[Excerpts] The provincial party committee held a telephone conference on the evening of 27 July, attended by comrades responsible for political and legal work in the prefectures, cities, and counties, and responsible comrades of departments concerned such as propaganda, public health, the media, the trade unions, the CYL, and women's organizations and so on. Zhang Jianmin, vice chairman of the provincial People's Congress Standing Committee and secretary of the provincial political and legal commission, presided. Responsible comrades of the provincial public security department and procuratorate respectively spoke on cracking down on serious crimes and economic crimes. Wang Maolin, deputy secretary of the provincial party committee, outlined arrangements for political and legal work in the second half of the year.

The meeting pointed out that generally speaking the state of social order in Shanxi has been good and stable in the first half of this year. This has played a very good role in deepening the reforms and in economic growth. However, there is still a great deal of work to do regarding public order, and we certainly cannot relax work in the second half of the year. We must get a good grasp of every item of work.

The meeting held that it is necessary to continue to crack down severely and swiftly on economic and other crime according to law. At the same time it is necessary to properly firm up measures for dealing with social order problems in a comprehensive way. We must ensure good discipline in the political and legal force. We must also continually strengthen and improve the leadership of the party committees and government over political and legal work.

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## BRIEFS

NEI MONGCOL JUBILEE MARKED--At the invitation of the Nei Monggol Autonomous Region, delegations from the Xizang Autonomous Region and the Guangxi Zhuang Autonomous Region arrived in Hohhot by plane on the evening of 29 July. The Guangxi regional delegation headed by Wei Chunshu, deputy secretary of the regional party committee and chairman of the region; and the Xizang regional delegation headed by Ba Sang, deputy secretary of the regional party committee, arrived in Hohhot by the same plane at 200 on 29 July. Warmly welcoming the delegations at the airport were regional party and government leading comrades, including Bu He, Batubagen, Xu Lingren, and Chao Luomeng; and responsible comrades of relevant departments. [Text] [Hohhot Nei Monggol Regional Service in Mandarin 2200 GMT 29 Jul 87 SK]

DELEGATIONS ARRIVE FOR CELEBRATIONS--All invited delegations to attend the 40th anniversary celebrations to mark the founding of Nei Monggol Autonomous Region from various provinces, autonomous regions, Monggol autonomous prefectures, and counties out of the region arrived in Hohhot as of this morning. When the delegation led by Wei Chunshu, deputy secretary of the Guangxi Zhuang Autonomous Regional party committee and chairman of the regional government, and the delegation led by Ba Sang, deputy secretary of the Xizang Autonomous Regional party committee, arrived at the Hohhot Airport, they were welcomed by leaders of the regional party and government organs, including Bu He, Batubagen, Xu Lingren, Chao Luomeng, and responsible persons of departments concerned. Yesterday and today, delegates from the Xinjiang's Bayingolin Monggol Autonomous Prefecture, Gansu Province's Subei Monggol Autonomous County, and Liaoning Province's Harbin Left Wing Monggol Autonomous County also arrived in the regional capital one after another. [Text] [Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 30 Jul 87]

CRIMINALS SENTENCED TO DEATH--Beijing, 22 Jul (XINHUA)--The Beijing Municipal Intermediate People's Court today held a meeting to sentence some serious criminals. At the meeting, President Ji Shuhan pronounced sentences on a number of robbers and habitual thieves. Among them, those who committed most heinous crimes were sentenced to death and deprived of political rights for life. Those who were sentenced to death today had previous criminal records and had previously been punished by law. Zhang Sijie, a 30-year-old man and habitual thief, was sentenced to death today. He had previously been sentenced to 6 years' imprisonment on charges of theft. Later he was given an additional sentence of 2 years' imprisonment on charges of causing criminal injury. Zhang sneaked into Beijing from Lishi County, Shanxi Province. From August 1985 to November 1986, he carried with him tools which he used for

criminal purposes and successively committed more than 20 thefts by breaking into stores, schools, and residences in Haiding, Dongcheng, and Xicheng Districts. His loot included 4 color television sets, 2 video recorders, 14 cassette recorders, 4 heater fans, 5 bicycles, some 70 cartons of cigarettes, and some 500 bottles of wine, worth a total of 31,900 yuan. He sold some of the stolen goods for over 10,000 yuan and spent it all. [Excerpts] [Beijing XINHUA Domestic Service in Chinese 0753 GMT 22 Jul 87 OW] /12624

NEW DEPARTMENTAL PERSONNEL APPOINTED--The provincial government made a decision on 2 July to appoint Chen Tixian [7115 6636 0341] as deputy director of the Hebei Provincial Education Commission; Ma Fengqi [7456 7364 2978] as deputy director of the Hebei Provincial Commercial Department; Liang Jiangli [2733 3068 4539] as deputy director of the Hebei Provincial Machinery and Electronic Industrial Department; Fan Zhenhai [2868 2182 3189] as deputy director of the Hebei Provincial Statistical Bureau, and Wang Zhisu [3769 1807 1835] as deputy director of the Hebei Provincial Rural Development Research Center. [Text] [Shijiazhuang HEBEI RIBAO in Chinese 14 Jul 87 p 3 SK] /12624

HEBEI NEW PERSONNEL APPOINTMENTS, REMOVALS--On 16 and 17 July, the provincial government decided to appoint Zhao Zhenlu [6392 2182 4389], Zhang Ruian [1728 3843 1344], Yang Ruiyan [2799 3067 2065], and Cai Zhongqiang [5591 0022 1730] as deputy directors of the Hebei Provincial Publication Bureau; and Wang Lanbang [3769 5695 2831] as adviser of the Hebei Provincial Publication Bureau. It also decided to remove Yang Jinjiang [2799 6930 3068] from his post as adviser of the Hebei Provincial Construction Committee. [Text] [Shijiazhuang HEBEI RIBAO in Chinese 8 Jul 87 p 3 SK] /12624

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